



FAYETTEVILLE

EXPRESS PIPELINE LLC

July 1, 2019

Ms. Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street, N.E.
Washington, D.C. 20426

RE: Fayetteville Express Pipeline LLC
Docket No. RP19-_____
Housekeeping Filing

Dear Ms. Bose:

Fayetteville Express Pipeline LLC (FEP) hereby electronically submits for filing with the Federal Energy Regulatory Commission (Commission) as part of its FERC NGA Gas Tariff, First Revised Volume No. 1 (Tariff), the revised tariff records listed on Appendix A to this letter, to be effective on August 1, 2019.

STATEMENT OF NATURE, REASONS AND BASIS

The purpose of this tariff filing, made in accordance with the provisions of Section 154.204 of the Commission's Regulations, is to submit several administrative housekeeping revisions to FEP's tariff as described below. The housekeeping changes proposed in this filing do not affect operations or a shipper's terms and conditions of service.

First, FEP proposes to update the Table of Contents to match previously relocated Currently Effective Rates content and remove currently effective rates for the Interim Period as described below. Corresponding changes are reflected on the index for the Currently Effective Rates Section.

Second, FEP proposes to delete and reserve for future use two Currently Effective Rates tariff records for Interim Period Service. Interim Period Service was provided on a temporary basis on completed parts of the system prior to the entire new FEP pipeline being placed into service on October 29, 2010. FEP proposes to remove the definition of Interim Period Service from GT&C Section 1 and all references to the obsolete Interim Period Service throughout the Tariff. Specifically, references are removed from Rate Schedules FTS and ITS, Sections 5.1 and 5.2, as applicable, as well as GT&C Sections 2.1(b)(7), 36.1(a), 36.2(d), 36.2(e), 36.3(a) and 36.6.

Third, FEP adds titles to the Rate Schedules. Language in Sections 5.1(a) and 5.4 of Rate Schedules FTS, ITS and HAT as well as Section 2.1 of Rate Schedule ITS is modified to reflect rates are charged based on the service provided, which is the transportation of gas. Similarly, language in Section 2.1 of Rate Schedule PALS is revised to coordinate with the service provided which is to park and loan gas for shippers account. In Rate Schedule PALS, FEP proposes to remove Section 5.3 regarding the ACA surcharge and renumber the subsequent parts of section 5. The ACA Surcharge applies to transportation transactions and is not applicable to park and loan service. The proposed changes to the Rate Schedules do not reflect any change in FEP's current procedures.

Fourth, in GT&C Section 1, FEP removes the definition for “Negotiated Rate Formula” as it is duplicative of the definition for Negotiated Rate. Everywhere in the tariff where Negotiated Rate is mentioned, it also states “or Negotiated Rate Formula.” FEP clarifies in the definition of negotiated rate that it could include a negotiated rate formula to eliminate the need for two negotiated rate definitions. Numerous references to negotiated rate formula are removed throughout the Tariff, including the Rate Schedules, GT&C and the Forms of Service Agreement. Removal of the definition for Negotiated Rate Formula will streamline the Tariff.

Fifth, FEP proposes other updates to GT&C Section 1, Definitions. FEP proposes to remove the numeration in GT&C Section 1 and organize the definitions in alphabetical order along with updating the references in GT&C Section 29. Definitions for Commencement Date (and reference to it in GT&C Section 9.3), Foundation Shipper and Standard Shipper are removed as they are no longer relevant to the current Tariff. FEP proposes to move the Contribution in Aid of Construction definition from GT&C Section 1 to new GT&C Section 5.4 as the definition is not referenced elsewhere in the Tariff and relates to Section 5. FEP proposes to relocate NAESB standard 2.3.9 (definition for Standard Reporting Basis) from the definitions in GT&C Section 1 to incorporate by reference in GT&C Section 29. The definition for Tariff meaning FEP’s currently effective FERC NGA Gas Tariff is added to GT&C Section 1.

Sixth, FEP proposes rearrangement of the content of GT&C Section 16. FEP removes the current heading of Section 16.4 and allows the existing sentence thereunder to become a part of Section 16.3 as they both discuss contract rollover. FEP moves the second paragraph of existing Section 16.1 and makes it new Section 16.4 with the heading Contract Extension.

Last, miscellaneous minor administrative changes proposed herein include correcting capitalization of defined terms, updating FEP’s address and correcting cross references.

IMPLEMENTATION AND WAIVER REQUESTS

Pursuant to Section 154.7(a)(9) of the Commission’s Regulations, FEP requests that the proposed tariff records be accepted effective August 1, 2019 without further action from FEP. FEP respectfully requests the Commission grant any waivers of its Regulations that it deems necessary to allow the proposed tariff records in this filing to become effective on August 1, 2019.

CONTENTS OF THE FILING

This filing is made in electronic format in compliance with Section 154.4 of the Commission’s Regulations. The proposed tariff records in RTF format with metadata attached are being submitted as part of an XML filing package containing the following:

- . A transmittal letter with Appendix A in PDF format
- . A clean copy of the proposed tariff records in PDF format for publishing in eLibrary
- . A marked version of the proposed tariff changes in PDF format
- . A copy of the complete filing in PDF format for publishing in eLibrary

COMMUNICATIONS, PLEADINGS AND ORDERS

All correspondence and communications concerning this filing should be served on each of the following persons:

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In accordance with Section 154.208(d) of the Commission's Regulations, a copy of this filing is available for public inspection during regular business hours at FEP's office at 1300 Main Street, Houston, Texas 77002. In addition, copies of this filing are being electronically served on jurisdictional customers and interested state regulatory commissions. FEP has posted this filing on its Internet website accessible via <http://fepttransfer.energytransfer.com> under Informational Postings, Regulatory.

Pursuant to Section 385.2005(a) of the Commission's regulations, the undersigned has read this filing and knows its contents, that the contents are true to the best of her knowledge and belief, and possesses full power and authority to sign this filing.

Respectfully submitted,

Fayetteville Express Pipeline LLC

/s/ *Deborah A. Bradbury*

Deborah A. Bradbury
Sr. Director - Regulatory Tariffs & Reporting

¹ Designated to receive service pursuant to Rule 2010 of the Commission's Rules of Practice and Procedure. FEP respectfully requests that the Commission waive Rule 203(b)(3), 18 C.F.R. § 385.203(b)(3), in order to allow FEP to include additional representatives on the official service list.

² Designated as responsible Company official under Section 154.7(a)(2) of the Commission's regulations.

FAYETTEVILLE EXPRESS PIPELINE LLC

FERC Gas Tariff

First Revised Volume No. 1

Tariff Records Proposed to Become Effective August 1, 2019

<u>Version</u>	<u>Description</u>	<u>Title</u>
3.0.0	Part 1	Table of Contents
3.0.0	Part 4	Currently Effective Rates
1.0.0	Currently Effective Rates	3. Reserved
1.0.0	Currently Effective Rates	5. Reserved
1.0.0	1.	Rate Schedule FTS
1.0.0	2.	Rate Schedule ITS
1.0.0	3.	Rate Schedule PALS
2.0.0	4.	Rate Schedule HAT
3.0.0	1.	Definitions
3.0.0	2.	Priority of Service
1.0.0	5.	New Facilities Charge
2.0.0	9.	Overrun, Unauthorized Overrun Gas Charges; Penalty Revenue
5.0.0	14.	Capacity Release by Firm Shippers
2.0.0	16.	Abandonment, Contract Rollovers and Right of First Refusal
5.0.0	29.	Compliance with 18 C.F.R., Section 284.12
2.0.0	30.	Negotiated Rates
2.0.0	34.	Discounting
2.0.0	36.	Periodic Fuel Gas Reimbursement Adjustment
2.0.0	1.	Rate Schedules FTS, ITS and HAT
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Currently Effective Rates

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2. Rate Schedule PALS
3. Reserved
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5. Reserved
6. Statement of Negotiated Rates

RESERVED

RESERVED

RATE SCHEDULES FTS FIRM TRANSPORTATION SERVICE

1. AVAILABILITY

This Rate Schedule FTS is available to any entity (hereinafter called Shipper) which: (a) submits to Fayetteville Express Pipeline LLC (hereinafter called FEP) a valid request as defined in Section 3 hereof as to which FEP has firm capacity available on all affected portions of its System and the firm operational capability to satisfy; (b) is awarded capacity consistent with the provisions of the Tariff; and (c) executes a Firm Transportation Service Agreement (FTS Agreement) with FEP applicable to service under this Rate Schedule FTS. The form of FTS Agreement is contained in this Tariff. There is no limitation on the number of FTS Agreements any one Shipper may have.

2. APPLICABILITY, DEFAULTS AND CHARACTER OF SERVICE

2.1 The transportation service provided under this Rate Schedule FTS shall be performed under Part 284 of the Commission's Regulations. This Rate Schedule FTS shall apply to all Gas transported by FEP for Shipper pursuant to an FTS Agreement. Service hereunder shall be provided on a firm basis. However, service may be interrupted for any of the reasons set out in the applicable provisions of this Tariff. As more fully set out in the General Terms and Conditions of this Tariff, FEP is not providing a supply service under this Rate Schedule.

2.2 FEP shall have the right to waive any one or more specific defaults by any Shipper if such default will not affect the integrity of FEP's System or the quality of service and if the waiver is provided on a basis which is not unduly discriminatory, provided that such waiver is not inconsistent with any applicable Commission Regulations or orders, and provided also that any waiver given to a Shipper by FEP shall be made available to all similarly situated Shippers during the time period when it is in effect. No such waiver shall operate or be construed as a waiver of any other existing or future default or defaults, whether of a like or different character.

2.3 (a) Service hereunder shall consist of the acceptance by FEP of Gas tendered by Shipper or for Shipper's account for transportation at Receipt Points specified in or applicable to the FTS Agreement, the transportation of that Gas through FEP's pipeline System, and the delivery of that Gas by FEP to Shipper or for Shipper's account at the Delivery Points specified in or applicable to the FTS Agreement. FEP shall not be required to accept Gas tendered in excess of the Shipper's Contract MDQ, plus applicable Fuel Gas, Booster Compression Fuel and Lost and Unaccounted For Gas, specified in the FTS Agreement for each Receipt Point or Delivery Point or for the aggregate of all primary Receipt Points or Delivery Points except as provided in Sections 8 and 2.3(b) of this Rate Schedule FTS. Service hereunder shall not encompass gathering services, transportation through the facilities of any third party except in accordance with Section 33 of the General Terms and Conditions of this Tariff, or transportation of liquids.

(b) For physical Delivery Points only, FEP shall reserve up to one hundred and twenty-five percent (125%) of primary Delivery Point capacity under any Firm Transportation agreement as provided herein, and each Shipper has the right to deliver on any Day, on a primary firm basis, up to one hundred and twenty-five percent (125%) of the Point MDQ, at any Primary Delivery Point under Shipper's Agreement, subject to Shipper's total deliveries on any such Day not exceeding the Contract MDQ. Regardless of any primary deliveries nominated above one hundred percent (100%) of the Primary Delivery Point MDQ, the Contract MDQ is the maximum daily quantity of natural gas that FEP is obligated to transport and deliver to Shipper and Shipper is entitled to receive under this Rate Schedule, subject to the provisions of Section 4 of the General Terms and Conditions of this Tariff. To the extent Shipper desires to change the Point MDQ at any of its primary Delivery Points, such change must be in accordance with Section 2.1(d) of the General Terms and Conditions of the Tariff.

2.4 Shipper shall only tender Gas for transportation under this Rate Schedule to the extent such service would qualify under the applicable statutes, regulations and Commission orders. For transportation to be provided under Subpart B of Part 284 of the Commission's Regulations, Shipper shall provide to FEP certification including sufficient information in order for FEP to verify that the service qualifies under Subpart B of Part 284 of the Regulations. Where required by the Commission's Regulations, Shipper shall cause the intrastate pipeline or local distribution company on whose behalf the service will be provided to submit the necessary certification prior to tendering Gas for transportation.

2.5 Awarding and allocation of capacity and scheduling and curtailment are all governed by the General Terms and Conditions of this Tariff.

2.6 Shipper may release capacity dedicated to service under Shipper's FTS Agreement(s) hereunder pursuant to FEP's Capacity Release Program to the extent permitted by, and subject to the terms and conditions contained in, the General Terms and Conditions of this Tariff.

3. VALID REQUESTS

3.1 A request for service under this Rate Schedule FTS shall be valid as of the date received if it complies with this Section 3.1 and contains adequate information on all of the items specified in Section 3.2, subject to any necessary verification of such information and to the following:

(a) A request shall not be valid and FEP shall not be required to grant any such request: (1) for which adequate capacity is not available on any portion of FEP's System necessary to provide such service; (2) as to which FEP does not have the operational capability to effect receipt, transportation and/or delivery on a firm basis consistent with the terms and conditions of this Rate Schedule FTS; (3) which would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that FEP may agree on a basis not unduly

discriminatory to construct, modify, expand, or acquire facilities to enable it to perform such services; (4) unless and until Shipper has provided FEP with the information required in Section 3.2 hereof; (5) if FEP determines, based on the credit analysis referenced in Section 3.2(f), that Shipper does not possess sufficient financial stability to make it reasonably likely the service provided hereunder will be paid for on a timely basis; (6) if the service requested would not comply with this Rate Schedule FTS; or (7) if the service requested is at less than the applicable maximum rate; provided, however, that FEP may agree to provide service hereunder at a discount or at a Negotiated Rate consistent with this Rate Schedule FTS and the applicable General Terms and Conditions of this Tariff. Nothing herein is intended to govern the scheduling or curtailment of service once a request for service has been granted pursuant to this Section and while an FTS Agreement is in effect. Such scheduling and/or curtailment are governed by the General Terms and Conditions of this Tariff.

(b) Any request must be complete and comply with this Rate Schedule FTS. FEP shall promptly notify Shipper if it cannot satisfy an otherwise valid request, in whole or in part, due to lack of capacity or System capability or if the request is incomplete or does not comply with this Rate Schedule FTS. If a request is not complete, FEP shall inform Shipper in writing of the specific items needed to complete the FTS Agreement, after which Shipper shall have fifteen (15) days to provide the specified information. In the event such information is not received by FEP within fifteen (15) days, Shipper's request shall be null and void.

(c) FEP shall tender an FTS Agreement to Shipper for execution when Shipper's request for service is accepted. Shipper is obligated to execute an FTS Agreement hereunder within ten (10) days after an FTS Agreement has been tendered by FEP for execution in response to a valid request; provided, however, that FEP will waive this time period if the delay is not unreasonable. FEP will post on the Informational Posting portion of its Interactive Website if it declines to waive this time period.

3.2 Requests for service hereunder shall be deemed valid only after the information specified in this Section is provided by Shipper via FEP's Interactive Website or in writing to FEP's Gas Transportation Department, at Market Operations, 1300 Main Street, Houston, Texas 77002, or Telecopy Number (281) 714-2179. The information required for a valid request shall be as follows:

(a) GAS QUANTITIES

The request shall specify in Dth the Contract MDQ for the FTS Agreement and the Point MDQ for each primary Receipt Point and Delivery Point under the FTS Agreement, exclusive of applicable Fuel Gas, Booster Compression Fuel and Lost and Unaccounted For Gas; provided, however, that FEP shall not be obligated to accept requests for a Contract MDQ of less than one hundred (100) Dth per Day. A Shipper shall include in its request, in addition to its Contract MDQ, a quantity of Gas adequate to provide any applicable Fuel Gas, Booster Compression Fuel and Lost and Unaccounted For Gas.

(b) RECEIPT POINT(S)

The request shall specify the primary Point(s) at which Shipper desires FEP to receive Gas and the Point MDQ for each such point, which specification must be consistent with this Tariff.

(c) DELIVERY POINT(S)

The request shall specify the primary Point(s) at which Shipper desires FEP to deliver Gas and the Point MDQ for each such Point, which specification must be consistent with this Tariff.

(d) LIMITATION OF POINTS

A Shipper may request any number of primary Receipt and primary Delivery Points so long as the summation of the Point MDQs at all primary Receipt Points and at all primary Delivery Points equals the Contract MDQ for the FTS Agreement, except as permitted by Section 2.3(b) of this Rate Schedule, and the request is consistent with the General Terms and Conditions of this Tariff.

(e) TERM OF SERVICE

The request shall specify:

- (1) The date service is requested to commence; and
- (2) The date service is requested to terminate.

(f) CREDIT

Acceptance of a request is contingent upon an evaluation of credit by FEP in accordance with Section 12 of the General Terms and Conditions of this Tariff.

(g) COMPLIANCE WITH FTS TARIFF

Submission of a request for service hereunder shall be deemed agreement by Shipper that it will abide by the terms and conditions of this Rate Schedule FTS, including the applicable General Terms and Conditions.

(h) COMMISSION-REQUIRED FILING INFORMATION

The following information is to be provided at the time a request for service hereunder is submitted, if available, or when an initial nomination for service under an executed FTS Agreement is submitted, and when any subsequent changes occur:

(1) Affiliation of the Shipper with FEP; and

(2) The identity of the Shipper, including whether it is a local distribution company, an interstate pipeline company, an intrastate pipeline company, an end user, a producer, or a marketer.

4. TERM

(a) The term of service hereunder shall be set forth in the FTS Agreement between Shipper and FEP.

(b) The General Terms and Conditions of this Tariff shall govern the applicability of, and the terms and conditions relating to, rollovers and the right of first refusal vis a vis an FTS Agreement. Upon termination of any FTS Agreement, and subject to any such rollover or right of first refusal, service by FEP to Shipper thereunder shall be terminated and automatically abandoned.

5. RATE

5.1 (a) Shipper shall pay FEP each Month under this Rate Schedule FTS a charge as set out in this Tariff consisting of: (i) a Reservation Charge, based on Shipper's Contract MDQ, which consists of the base monthly reservation rate; and (ii) a Commodity Charge for each Dth of Gas transported.

(b) Shipper shall also pay, where applicable, other charges provided for in this Tariff, including but not limited to balancing service charges.

(c) Where a Shipper has agreed to pay a Negotiated Rate, the rates assessed hereunder shall be governed by Section 30 of the General Terms and Conditions of this Tariff.

5.2 Shipper shall reimburse FEP for Fuel Gas and for Lost and Unaccounted For Gas as provided by Section 36 of the General Terms and Conditions of this Tariff. Separate rates are set for Fuel Gas and for Lost and Unaccounted For Gas for all volumes transported. In addition, a separate incremental Booster Compression Fuel charge is set forth for point(s) where Booster Compression applies. Such rates are determined pursuant to Section 36 of the General Terms and Conditions. Certain Shippers may have their Fuel Gas amounts capped pursuant to arrangements under Section 30 of the General Terms and Conditions of this Tariff (relating to Negotiated Rates).

5.3 (a) Unless otherwise agreed by contract, Shipper shall reimburse FEP within thirty (30) days after costs have been incurred by FEP for all fees required by the FERC or any regulatory body including, but not limited to, filing, reporting, and application fees to the extent such fees are specifically related to service for that Shipper hereunder and are not generally applicable fees (such as general rate case filing fees).

(b) Unless otherwise agreed by contract, if FEP constructs, acquires or modifies any facilities to perform service hereunder, then, to the extent provided in Section 5 of the General Terms and Conditions of this Tariff and pursuant to a separate agreement, either:

(1) Shipper shall reimburse FEP for the cost of such facilities or facility modifications as described in the General Terms and Conditions of this Tariff; or

(2) FEP shall assess a Monthly charge reflecting such facility costs.

5.4 The ACA charge will be assessed, when applicable, as provided in the General Terms and Conditions of this Tariff, on volumes transported by FEP for Shipper under this Rate Schedule FTS.

5.5 (a) Unless otherwise provided by contract, FEP shall have the unilateral right to file with any appropriate regulatory authority and make changes effective in: (1) the rates and charges applicable under this Rate Schedule FTS, including both the level and design of such rates and charges; or (2) the terms and conditions of this Rate Schedule FTS, including the applicable General Terms and Conditions.

(b) If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises allows or permits FEP to collect, or to negotiate to collect, a higher rate for the service hereunder, the rate shall be increased to the highest such rate unless the FTS Agreement or a separate discount or Negotiated Rate agreement provides that the rate established in such an agreement shall not be subject to such modification or increase. Should additional documentation be required in order for FEP to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) days after a written request by FEP. If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises requires FEP to charge a lower rate for transportation service hereunder, the rate shall be decreased to such reduced rate except as otherwise agreed under Section 5.1(b) of this Rate Schedule and Section 30 of the General Terms and Conditions of this Tariff (as to Negotiated Rate agreements).

5.6 FEP may, consistent with any provisions on discounting in the FTS Agreement or in a separate discount or Negotiated Rate agreement, charge any individual Shipper for service under this Rate Schedule FTS a rate which is lower than the applicable maximum rate set forth in this Tariff; provided, however, that such rate may not be less than the applicable minimum rate for service under Rate Schedule FTS set forth in this Tariff except as otherwise provided in Section 30 of the General Terms and Conditions of this Tariff (as to Negotiated Rate agreements). FEP shall file with the Commission any and all reports as required by the Commission's Regulations with respect to the institution or discontinuance of any discount.

5.7 All revenues collected by FEP as a result of providing service under Rate Schedule FTS shall be retained by FEP unless FEP has otherwise explicitly agreed on or the Commission has required a different disposition of such amounts. The Penalty Revenue (Section 9.3) provision of the

General Terms and Conditions of this Tariff represents an agreement by FEP on a different disposition of certain revenue.

5.8 FEP shall perform exchanges and backhauls hereunder to the extent firm capacity is available. Exchanges and backhauls shall be subject to the maximum and minimum rates under this Rate Schedule except in the instances where no Fuel Gas is utilized, no Fuel Gas need be charged to Shipper.

6. NOMINATIONS AND IMBALANCES

(a) Shipper shall provide FEP with daily nominations of receipts and deliveries by Receipt and Delivery Point in accordance with the General Terms and Conditions of this Tariff. It shall be Shipper's responsibility to cause Gas to be delivered to FEP at Receipt Point(s), and to cause Gas to be taken from FEP at Delivery Point(s), in accordance with the information supplied to FEP.

(b) FEP will enter into Operational Balancing Agreements (OBAs) (as defined in the General Terms and Conditions of this Tariff) at Receipt Points and/or Delivery Points, in accordance with Section 6.11 of the General Terms and Conditions of this Tariff. Where imbalances are beyond the parameters in an OBA or an OBA is not applicable, however, it shall be Shipper's responsibility to keep receipts and deliveries in balance. FEP may curtail service hereunder to the extent necessary to bring receipts and deliveries into balance and to the extent consistent with Section 10 of the General Terms and Conditions of this Tariff.

7. RECEIPT AND DELIVERY POINTS AND UPSTREAM AND DOWNSTREAM ARRANGEMENTS

(a) Conditions of delivery at Receipt and Delivery Points are set out in the General Terms and Conditions of this Tariff.

(b) Shipper shall make all necessary arrangements with other parties: (1) at or upstream of the Receipt Point(s) where Gas is tendered to FEP hereunder; and (2) at or downstream of the Delivery Point(s) where FEP delivers Gas hereunder to or for the account of Shipper. Such arrangements must be consistent with this Rate Schedule FTS and must be coordinated with FEP.

8. OVERRUN SERVICE AND UNAUTHORIZED OVERRUN GAS

(a) Upon request of Shipper, FEP shall if capacity is available, receive, transport, and deliver on any Day quantities of Gas in excess of Shipper's Contract MDQ and/or Point MDQ under the FTS Agreement when the capacity and operating capability of its System will permit such receipt, transportation and delivery without impairing the ability of FEP to meet its other obligations of equal or higher priority. In granting requests for overrun service, FEP shall act in a manner

consistent with the service priorities set out in the General Terms and Conditions of this Tariff. Shipper shall pay FEP the applicable rate for Authorized Overrun Service set forth in this Tariff.

(b) For Unauthorized Overrun Gas, Shipper shall pay FEP the charges for Unauthorized Overrun Gas set out in Section 9.2 of the General Terms and Conditions of this Tariff.

9. GENERAL TERMS AND CONDITIONS

The provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule FTS and shall apply to service rendered hereunder as though stated herein.

RATE SCHEDULE ITS INTERRUPTIBLE TRANSPORTATION SERVICE

1. AVAILABILITY

This Rate Schedule ITS is available to any entity (hereinafter called Shipper) which: (a) submits to Fayetteville Express Pipeline LLC (hereinafter called FEP) a valid request as defined in Section 3 hereof; and (b) executes an Interruptible Transportation Service Agreement (ITS Agreement) with FEP applicable to service under this Rate Schedule ITS. The form of ITS Agreement is contained in this Tariff. There is no limitation on the number of ITS Agreements any one Shipper may have.

2. APPLICABILITY, CHARACTER AND PRIORITY OF SERVICE

2.1 This Rate Schedule ITS defines an interruptible transportation service. This Rate Schedule ITS shall apply to all Gas transported by FEP for Shipper pursuant to an ITS Agreement. As more fully set out in the General Terms and Conditions of this Tariff, FEP is not providing a supply service under this Rate Schedule ITS.

2.2 FEP shall have the right to waive any one or more specific defaults by any Shipper if such default will not affect the integrity of FEP's System or the quality of service and if the waiver is provided on a basis which is not unduly discriminatory, provided that such waiver is not inconsistent with any applicable Commission Regulations or orders, and provided also that any waiver given to a Shipper by FEP shall be made available to all similarly situated Shippers during the time period when it is in effect. No such waiver shall operate or be construed as a waiver of any other existing or future default or defaults, whether of a like or different character.

2.3 Service hereunder shall consist of the acceptance by FEP of Gas from or for the account of Shipper at Receipt Point(s) under the ITS Agreement, the transportation of that Gas through FEP's System, and the delivery of that Gas by FEP to Shipper or for Shipper's account at Delivery Point(s) under the ITS Agreement. FEP shall not be required: (a) to accept on any Day Gas tendered, or to deliver on any Day Gas requested, in excess of the Contract MDQ, plus applicable Fuel Gas, Booster Compression Fuel and Lost and Unaccounted For Gas, specified in the ITS Agreement, except as provided in Section 8 of this Rate Schedule ITS; or (b) to accept or deliver on any Day Gas hereunder which is not properly nominated pursuant to and to the extent required by the General Terms and Conditions of this Tariff. Service hereunder shall not encompass gathering services, transportation through the facilities of any third party, except in accordance with Section 33 of the General Terms and Conditions of this Tariff or transportation of liquids.

2.4 The service provided under this Rate Schedule ITS shall be performed under Part 284 of the Commission's Regulations. Shipper shall only tender Gas for transportation under this Rate Schedule ITS to the extent such service would qualify under the applicable statutes, regulations, Commission orders and the blanket certificate authorizing service by FEP under this

Rate Schedule. For service under Subpart B of Part 284 of the Commission's Regulations, Shipper shall provide to FEP appropriate certification, including sufficient information in order for FEP to verify that the service qualifies under Subpart B of Part 284 of the Commission's Regulations. Where required by the Commission's Regulations, Shipper shall (prior to tendering Gas under an ITS Agreement) cause the intrastate pipeline or local distribution company on whose behalf the service will be provided to submit the necessary certification.

2.5 Service hereunder is provided on an interruptible basis. Scheduling and curtailment are governed by the General Terms and Conditions of this Tariff.

3. VALID REQUESTS

3.1 A request for service under this Rate Schedule ITS shall be valid as of the date received if it complies with this Section and contains adequate information on all of the items specified in Section 3.2, subject to any necessary verification of such information and to the following:

(a) A request shall not be valid and FEP shall not be required to grant any such request: (1) which would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that FEP may agree on a basis not unduly discriminatory to construct, modify, expand, or acquire facilities to enable it to perform such services; (2) unless and until Shipper has provided FEP with the information required in Section 3.2 hereof; (3) if FEP determines, based on the credit analysis referenced in Section 3.2(d), that Shipper does not possess sufficient financial stability to make it reasonably likely the service provided hereunder will be paid for on a timely basis; (4) if the service requested would not comply with this Rate Schedule ITS; or (5) if the service requested is at less than the applicable maximum rate; provided, however, that FEP may agree to provide service hereunder at a discount or at a Negotiated Rate, consistent with this Rate Schedule ITS and the applicable General Terms and Conditions of this Tariff. Nothing herein is intended to govern the scheduling or curtailment of service once a request for service has been granted pursuant to this Section and while an ITS Agreement is in effect. Such scheduling and/or curtailment are governed by the General Terms and Conditions of this Tariff.

(b) Any request must be complete and comply with this Rate Schedule ITS. FEP shall promptly notify Shipper if it cannot satisfy an otherwise valid request, in whole or in part, due to any of the reasons set out in Section 3.1(a) or if the request is incomplete or does not comply with this Rate Schedule ITS. If a request is not complete, FEP shall inform Shipper in writing of the specific items needed to complete the ITS Agreement, after which Shipper shall have fifteen (15) days to provide the specified information. In the event such information is not received by FEP within fifteen (15) days, Shipper's request shall be null and void.

(c) FEP shall tender an ITS Agreement to Shipper for execution when Shipper's request for service is accepted. Unless waived by FEP, a request for service shall be invalid if Shipper fails to execute an ITS Agreement hereunder within ten (10) days after an ITS Agreement has been tendered by FEP for execution; provided, however, that FEP shall waive this time requirement if the delay is not unreasonable.

3.2 Requests for service hereunder shall be deemed valid only after the following information is provided by Shipper via FEP's Interactive Website or in writing to FEP's Gas Transportation Department, at Market Operations, 711 Louisiana Street, Suite 900, Houston, Texas 77002, or Telecopy Number (281) 714-2179:

(a) GAS QUANTITIES

The request shall specify in Dth the Contract MDQ, exclusive of applicable Fuel Gas, Booster Compression Fuel and Lost and Unaccounted For Gas; provided, however, that FEP shall not be obligated to accept requests for a Contract MDQ of less than one hundred (100) Dth per Day. A Shipper shall include in its request, in addition to its Contract MDQ, a quantity of Gas adequate to provide any applicable Fuel Gas, Booster Compression Fuel and Lost and Unaccounted For Gas.

(b) AVAILABILITY OF POINTS

(1) A Shipper may utilize all available Receipt and Delivery Points on FEP's System, under any ITS Agreement, as more fully set out in the General Terms and Conditions of this Tariff.

(2) The available quantity and priorities at any Point shall be governed by the General Terms and Conditions of this Tariff.

(c) TERM OF SERVICE

The request shall specify:

(1) The date service is requested to commence, and

(2) The date service is requested to terminate.

(d) CREDIT

Acceptance of a request is contingent upon an evaluation of credit by FEP in accordance with the General Terms and Conditions of this Tariff.

(e) COMPLIANCE WITH ITS TARIFF

Submission of a request for service hereunder shall be deemed agreement by Shipper that it will abide by the terms and conditions of this Rate Schedule ITS, including the applicable General Terms and Conditions.

(f) COMMISSION-REQUIRED FILING INFORMATION

The following information is to be provided at the time a request for service hereunder is submitted, if available, or when an initial nomination for transportation under an executed ITS Agreement is submitted, and when any subsequent changes occur:

(1) Affiliation of the Shipper with FEP; and

(2) The identity of the Shipper, including whether it is a local distribution company, an interstate pipeline company, an intrastate pipeline company, an end user, a producer, or a marketer.

4. TERM

(a) The term of service hereunder shall be set forth in the ITS Agreement between Shipper and FEP, subject to any rollover rights consistent with Section 16 of the General Terms and Conditions of the Tariff. FEP may terminate the ITS Agreement if Shipper fails to cause Gas to be delivered during any twelve (12) consecutive calendar Months when capacity is available, unless Shipper's failure to deliver Gas was attributable to circumstances of Force Majeure.

(b) Upon termination of any ITS Agreement, service by FEP to Shipper thereunder shall be terminated and automatically abandoned unless otherwise provided by contract pursuant to Section 16 of the General Terms and Conditions of this Tariff.

5. RATE

5.1 (a) Shipper shall pay FEP each Month under this Rate Schedule ITS a one-part Commodity Charge as set out in this Tariff for each Dth of Gas transported, together with such other charges as are identified in this Tariff. The maximum Monthly Commodity Charges, as applicable, shall be the applicable maximum unit rate set out in this Tariff multiplied by the quantity of Gas actually transported by FEP for Shipper during the billing Month

(b) Shipper shall also pay, where applicable, other charges set forth in this Tariff, including but not limited to Balancing Service Charges.

(c) Where a Shipper has agreed to pay a Negotiated Rate, the rates assessed hereunder shall be governed by Section 30 of the General Terms and Conditions of this Tariff.

5.2 Shipper shall reimburse FEP for applicable Fuel Gas and for Lost and Unaccounted For Gas as provided by Section 36 of the General Terms and Conditions. Separate Fuel Gas and Lost and Unaccounted For Gas rates will be set for all volumes transported. In addition, a separate incremental Booster Compression Fuel charge is set forth for point(s) where Booster Compression applies.

5.3 (a) Unless otherwise agreed by contract, Shipper shall reimburse FEP within thirty (30) days after costs have been incurred by FEP for all fees required by the FERC or any regulatory body including, but not limited to, filing, reporting, and application fees to the extent such fees are specifically related to service for that Shipper hereunder and are not generally applicable fees (such as general rate case filing fees).

(b) Unless otherwise agreed by contract, if FEP constructs, acquires or modifies any facilities (excluding Expansion Facilities) to perform service hereunder, then, to the extent provided in Section 5 of the General Terms and Conditions of this Tariff and pursuant to a separate agreement, either:

(1) Shipper shall reimburse FEP for the cost of such facilities or facility modifications as described in the General Terms and Conditions of this Tariff; or

(2) FEP shall assess a Monthly charge reflecting such facility costs.

5.4 The ACA charge will be assessed, when applicable, as provided in the General Terms and Conditions of this Tariff, on volumes transported by FEP for Shipper under this Rate Schedule ITS.

5.5 (a) Unless otherwise provided by contract, FEP shall have the unilateral right to file with any appropriate regulatory authority and make changes effective in: (1) the rates and charges applicable under this Rate Schedule ITS, including both the level and design of such rates and charges; or (2) the terms and conditions of this Rate Schedule ITS, including the applicable General Terms and Conditions.

(b) If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises allows or permits FEP to collect, or to negotiate to collect, a higher rate for the service hereunder, the rate shall be increased to the highest such rate unless the ITS Agreement or a separate discount, Negotiated Rate agreement provides that the rate established in such an agreement shall not be subject to such a modification or increase. Should additional documentation be required in order for FEP to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) days after a written request by FEP. If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises requires FEP to charge a lower rate for transportation service hereunder, the rate shall be decreased to such reduced rate except as otherwise agreed under Section 5.1(c) of this Rate Schedule and Section 30 of the General Terms and Conditions of this Tariff (as to Negotiated Rate agreements).

5.6 FEP may, consistent with any provisions on discounting in the ITS Agreement or in a separate discount, Negotiated Rate agreement, charge any individual Shipper for service under this Rate Schedule ITS a rate which is lower than the applicable maximum rate set forth in this Tariff; provided, however, that such rate may not be less than the applicable minimum rate for service under Rate Schedule ITS set forth in this Tariff except as otherwise provided in Section 30 of the

General Terms and Conditions of this Tariff (as to Negotiated Rate agreements). FEP shall file with the Commission any and all reports as required by the Commission's Regulations with respect to the institution or discontinuance of any discount.

5.7 All revenues collected by FEP as a result of providing service under Rate Schedule ITS shall be retained by FEP unless FEP has otherwise explicitly agreed on or the Commission has required a different disposition of such amounts. The Penalty Revenue (Section 9.3) provision in the General Terms and Conditions of this Tariff represents an agreement by FEP on a different disposition of certain revenue.

5.8 FEP shall perform exchanges and backhauls hereunder to the extent capacity is available. Exchanges and backhauls shall be subject to the maximum and minimum rates under this Rate Schedule except in the instances where no Fuel is utilized, no Fuel Gas need be charged to Shipper.

6. NOMINATIONS AND IMBALANCES

(a) Shipper shall provide FEP with daily nominations of receipts and deliveries by Receipt and Delivery Point in accordance with the General Terms and Conditions of this Tariff. It shall be Shipper's responsibility to cause Gas to be delivered to FEP at Receipt Point(s), and to cause Gas to be taken from FEP at Delivery Point(s), in accordance with the information supplied to FEP.

(b) FEP will enter into OBAs (as defined in the General Terms and Conditions of this Tariff) at Receipt Points and/or Delivery Points, in accordance with Section 6.11 of the General Terms and Conditions of this Tariff. Where imbalances are beyond the parameters in an OBA or where an OBA is not applicable, however, it shall be Shipper's responsibility to keep receipts and deliveries in balance. FEP may curtail service hereunder to the extent necessary to bring receipts and deliveries into balance and to the extent consistent with Section 10 of the General Terms and Conditions of this Tariff.

7. RECEIPT AND DELIVERY POINTS AND UPSTREAM AND DOWNSTREAM ARRANGEMENTS

(a) Conditions of delivery at Receipt and Delivery Points are set out in the General Terms and Conditions of this Tariff.

(b) Shipper shall make all necessary arrangements with other parties: (1) at or upstream of the Receipt Point(s) where Gas is tendered to FEP hereunder; and (2) at or downstream of the Delivery Point(s) where FEP delivers Gas hereunder to or for the account of Shipper. Such arrangements must be consistent with this Rate Schedule ITS and must be coordinated with FEP.

8. OVERRUN SERVICE AND UNAUTHORIZED OVERRUN GAS

(a) Upon request of Shipper, FEP shall if capacity is available receive, transport, and deliver on any Day quantities of Gas in excess of Shipper's Contract MDQ under the ITS Agreement when the capacity and operating capability of its System will permit such receipt, transportation and delivery without impairing the ability of FEP to meet its other obligations of equal or higher priority. In granting requests for Authorized Overrun Service, FEP shall act in a manner consistent with the service priorities set out in the General Terms and Conditions of this Tariff. Shipper shall pay FEP the applicable rate for Authorized Overrun Service set forth in this Tariff.

(b) For Unauthorized Overrun Gas, Shipper shall pay FEP the charges for Unauthorized Overrun Gas set out in Section 9.2 of the General Terms and Conditions of this Tariff.

9. GENERAL TERMS AND CONDITIONS

The provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule ITS and shall apply to service rendered hereunder as though stated herein.

RATE SCHEDULES PALS
PARK AND LOAN SERVICE

1. AVAILABILITY

This Rate Schedule PALS is available for interruptible park and loan service to provide parks and loans of Gas for any entity (hereinafter called Shipper) which: (a) submits to Fayetteville Express Pipeline LLC (hereinafter called FEP) a valid request as defined in Section 3 hereof; and (b) executes an Interruptible Park and Loan Service Agreement (PALS Agreement) with FEP applicable to service under this Rate Schedule PALS. The form of PALS Agreement is contained in this Tariff. With respect to any specific park and loan service under this Rate Schedule PALS, FEP must have determined that it is operationally able to render such service; and Shipper and FEP must have executed a Request Order for such service under a PALS Agreement.

2. APPLICABILITY, CHARACTER AND PRIORITY OF SERVICE

2.1 This Rate Schedule PALS defines an interruptible park and loan service. This Rate Schedule PALS shall apply to all Gas parked or loaned by FEP for Shipper pursuant to a PALS Agreement. As more fully set out in the General Terms and Conditions of this Tariff, FEP is not providing a supply service under this Rate Schedule PALS.

2.2 (a) Service under this Rate Schedule shall be provided on an interruptible basis as follows:

(1) Park Service. Park service shall consist of FEP's receipt of a quantity of Gas at the designated Receipt Point(s) and/or Pooling Point(s) on the designated date(s), requested by Shipper under a PALS Request Order and approved by FEP, FEP's holding of such parked quantity of Gas for Shipper's account and FEP's redelivery of the parked quantity of Gas to Shipper at the designated Delivery Point(s) and/or Pooling Point(s) and on the designated date(s) set forth in such PALS Request Order.

(2) Loan Service. Loan service shall consist of FEP's lending a specified quantity of Gas, requested by Shipper and approved by FEP, on the designated date(s) at designated Delivery Point(s) and/or Pooling Point(s) set forth in Shipper's PALS Request Order and the Shipper's redelivery of and FEP's acceptance of such quantities of Gas for Shipper's account at the designated Receipt Point(s) and/or Pooling Point(s) on the designated date(s) set forth in such PALS Request Order.

(b) Service under this Rate Schedule shall be provided for a minimum of a one (1) Day term and a maximum term as established by the mutual agreement of FEP and the Shipper; provided, however, such term may be suspended or extended by FEP at FEP's sole discretion. The term of each Park or Loan arrangement with Shipper shall be set forth in the Request Order. The form of the Request Order is attached to the PALS Agreement executed between Shipper and FEP.

(c) Transportation of Gas quantities for or on behalf of Shipper to or from the designated Point(s) of Service under the PALS Agreement will not be performed under this Rate Schedule. Shipper shall make any necessary arrangements with FEP and/or third Parties to receive or deliver Gas quantities at the designated points for Park or Loan service hereunder. Such arrangements must be compatible with the operating conditions of FEP's System.

(d) Service under this Rate Schedule shall be scheduled and confirmed consistent with the General Terms and Conditions of this Tariff.

2.3 The service provided under this Rate Schedule PALS shall be performed under Part 284 of the Commission's Regulations. Shipper shall only tender or receive Gas for service under this Rate Schedule PALS to the extent such service would qualify under the applicable statutes, regulations, Commission orders and the blanket certificate authorizing service by FEP under this Rate Schedule. For service under Subpart B of Part 284 of the Commission's Regulations, Shipper shall provide to FEP appropriate certification, including sufficient information in order for FEP to verify that the service qualifies under Subpart B of Part 284 of the Regulations. Where required by the Commission's Regulations, Shipper shall (prior to tendering or receiving Gas under a PALS Agreement) cause the intrastate pipeline or local distribution company on whose behalf the service will be provided to submit the necessary certification.

2.4 FEP shall have the right to waive any one or more specific defaults by any Shipper if such default will not affect the integrity of FEP's System or the quality of service and if the waiver is provided on a basis which is not unduly discriminatory, provided that such waiver is not inconsistent with any applicable Commission Regulations or orders, and provided also that any waiver given to a Shipper by FEP shall be made available to all similarly situated Shippers during the time period when it is in effect. No such waiver shall operate or be construed as a waiver of any other existing or future default or defaults, whether of a like or different character.

3. REQUESTS FOR SERVICE

3.1 VALID REQUEST

A request for service under this Rate Schedule PALS shall be valid as of the date received if it complies with this Section and contains adequate information on all of the items specified in Section 3.2, subject to any necessary verification of such information and to the following:

(a) A request shall not be valid and FEP shall not be required to grant any such request: (1) which would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that FEP may agree on a basis not unduly discriminatory to construct, modify, expand, or acquire facilities to enable it to perform such services; (2) unless and until Shipper has provided FEP with the information required in Section 3.2 hereof; (3) if FEP determines, based on the credit analysis referenced in Section 3.2(c), that Shipper does not possess sufficient financial stability to make it reasonably likely the service provided hereunder will be paid

for on a timely basis; (4) if the service requested would not comply with this Rate Schedule PALS; or (5) if the service requested is at less than the applicable maximum rate; provided, however, that FEP may agree to provide service hereunder at a discount or at a Negotiated Rate, consistent with this Rate Schedule PALS and the applicable General Terms and Conditions of this Tariff. Nothing herein is intended to govern the scheduling or curtailment of service once a request for service has been granted pursuant to this Section and while the PALS Agreement is in effect. Such scheduling and/or curtailment are governed by the General Terms and Conditions of this Tariff.

(b) Any request must be complete and comply with this Rate Schedule PALS. FEP shall promptly notify Shipper if it cannot satisfy an otherwise valid request, in whole or in part, due to any of the reasons set out in Section 3.1(a) or if the request is incomplete or does not comply with this Rate Schedule PALS. If a request is not complete, FEP shall inform Shipper in writing of the specific items needed to complete the PALS Agreement, after which Shipper shall have fifteen (15) days to provide the specified information. In the event such information is not received by FEP within fifteen (15) days, Shipper's request shall be null and void.

(c) FEP shall tender a PALS Agreement to Shipper for execution when Shipper's request for service is accepted. Unless waived by FEP, a request for service shall be invalid if Shipper fails to execute a PALS Agreement hereunder within ten (10) days after the PALS Agreement has been tendered by FEP for execution; provided, however, that FEP shall waive this time requirement if the delay is not unreasonable. FEP will post on the Informational Posting portion of its Interactive Website if it declines to waive the time period.

3.2 REQUIRED INFORMATION

Requests for service hereunder shall be deemed valid only after the following information is provided by Shipper via FEP's Interactive Website or in writing to FEP's Gas Transportation Department, at Market Operations, 711 Louisiana Street, Suite 900, Houston, Texas 77002, or Telecopy Number (281) 714-2179:

(a) GAS QUANTITIES

The request shall specify in Dth the Maximum Aggregate Quantity (MAQ) and the MDQ of Gas to be parked and/or loaned, provided, however, that FEP shall not be obligated to accept requests for an MDQ or MAQ of less than one hundred (100) Dth per Day.

(b) TERM OF SERVICE

The request shall specify:

- (1) The date service is requested to commence, and
- (2) The date service is requested to terminate.

(c) CREDIT

Acceptance of a request is contingent upon a satisfactory credit appraisal by FEP in accordance with the General Terms and Conditions of this Tariff.

(d) COMPLIANCE WITH TARIFF

Submission of a request for service hereunder shall be deemed agreement by Shipper that it will abide by the terms and conditions of this Rate Schedule PALS, including the applicable General Terms and Conditions.

(e) COMMISSION-REQUIRED FILING INFORMATION

The following information is to be provided at the time a request for service hereunder is submitted, if available, or when an initial nomination for transportation under an executed PALS Agreement is submitted, and when any subsequent changes occur:

(1) Affiliation of the Shipper with FEP; and

(2) The identity of the Shipper, including whether it is a local distribution company, an interstate pipeline company, an intrastate pipeline company, an end user, a producer, or a marketer.

3.3 REQUEST ORDER

To implement a specific park and/or loan transaction, FEP and the Shipper with a PALS Agreement in effect shall enter into a PALS Request Order. The PALS Request Order shall include the following items:

(a) SERVICE TYPE/PALS AGREEMENT

The PALS Request Order must specify that it relates to service under Rate Schedule PALS and must specify the PALS Agreement to which the PALS Request Order relates.

(b) GAS QUANTITIES

The PALS Request Order shall specify in Dth the MAQ (for such specific transaction, the “MAQ RO”) and the MDQ (for such specific transaction, the “MDQ RO”) of Gas to be parked and/or loaned under the specific transaction; provided that the sum of all MAQ ROs and Contract MDQ ROs under all pending PALS Request Orders cannot exceed the MAQ and Contract MDQ under the applicable PALS Agreement. The PALS Request Order shall specify the minimum daily and aggregate quantities and shall set out a park and/or loan schedule containing the quantity and timing information specified in this Rate Schedule.

(c) POINTS

The PALS Request Order shall specify the Point(s) at which Gas is to be parked or loaned. Any mutually agreeable Point(s) on FEP's System, including Pooling Points, may be utilized for service under this Rate Schedule PALS. Unless otherwise mutually agreed, the Point for completion of the park or loan must be the same as the Point at which the park or loan was initiated.

(d) TERM OF SERVICE

The PALS Request Order shall specify:

- (1) The date service is to commence; and
- (2) The date service is to terminate.

The term may include a range of permitted commencement and termination dates for service under the PALS RO, or for any portion of such service. No termination date may extend beyond the term of the PALS Agreement.

(e) SHIPPER CONTACT PERSONNEL

The PALS Request Order shall specify the persons to be contacted by FEP in connection with the PALS Request Order.

(f) RATE

The PALS Request Order shall specify the rates at which the park or loan service will be provided. Rates may vary by time period, quantities or other permissible discounting parameters.

(g) SHIPPER ASSURANCES

Shipper shall provide FEP the assurances required hereunder in connection with each PALS Request Order.

(h) POSTED STANDARDIZED REQUEST ORDERS

In addition to reaching agreement with individual Shippers on the terms of specifically tailored Request Orders, FEP may post the terms of Request Orders it is willing to enter into on a standardized basis with any creditworthy Shipper having quantities of Gas which can be received or delivered at specified Points identified in the posting. Such a standing posting shall specify all the terms of the Request Order and also the rights, if any, for FEP to change the provisions of such a Request Order. Service pursuant to such a posting shall be optional on the part

of any Shipper and requires the execution of a specific Request Order by FEP and the Shipper in the form specified in the posting.

4. TERM

(a) The term of service hereunder shall be set forth in the PALS Agreement between Shipper and FEP, subject to any rollover rights consistent with Section 16 of the General Terms and Conditions of the Tariff.

(b) Upon termination of any PALS Agreement, service by FEP to Shipper thereunder shall be terminated and automatically abandoned unless otherwise provided by contract pursuant to Section 16 of the General Terms and Conditions of this Tariff.

(c) FEP may terminate any PALS Agreement if FEP is required by the FERC or some other agency or court to provide service for others utilizing the interruptible System capacity or capability required for service under such PALS Agreement.

5. RATE

5.1 (a) Unless otherwise mutually agreed by FEP and Shipper, Shipper shall pay FEP under this Rate Schedule PALS a Usage Charge equal to the Daily Access Rate multiplied by the total quantity of Gas either parked or loaned each Day for the account of Shipper during the Month. The maximum Usage Charge for each Day shall be the applicable maximum unit rate set out in this Tariff multiplied by the quantity of Gas parked or loaned in the aggregate (including any balances from previous days) for all Days for the duration of the service provided.

(b) Where a Shipper has agreed to pay a Negotiated Rate, the rates assessed hereunder shall be governed by Section 30 of the General Terms and Conditions of this Tariff.

5.2 (a) Unless otherwise agreed by contract, Shipper shall reimburse FEP within thirty (30) days after costs have been incurred by FEP for all fees required by the FERC or any regulatory body including, but not limited to, filing, reporting, and application fees to the extent such fees are specifically related to service for that Shipper hereunder and are not generally applicable fees (such as general rate case filing fees).

(b) Unless otherwise agreed by contract, if FEP constructs, acquires or modifies any facilities to perform service hereunder, then, to the extent provided in Section 5 of the General Terms and Conditions of this Tariff and pursuant to a separate agreement, either:

(1) Shipper shall reimburse FEP for the cost of such facilities or facility modifications as described in the General Terms and Conditions of this Tariff; or

(2) FEP shall assess a Monthly charge reflecting such facility costs.

5.3 (a) Unless otherwise provided by contract, FEP shall have the unilateral right to file with any appropriate regulatory authority and make changes effective in: (1) the rates and charges applicable under this Rate Schedule PALS, including both the level and design of such rates and charges; or (2) the terms and conditions of this Rate Schedule PALS, including the applicable General Terms and Conditions.

(b) If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises allows or permits FEP to collect, or to negotiate to collect, a higher rate for the service hereunder, the rate shall be increased to the highest such rate unless the PALS Agreement or a separate discount, Negotiated Rate agreement provides that the rate established in such an agreement shall not be subject to such a modification or increase. Should additional documentation be required in order for FEP to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) days after a written request by FEP. If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises requires FEP to charge a lower rate for transportation service hereunder, the rate shall be decreased to such reduced rate except as otherwise agreed under Section 5.1(b) of this Rate Schedule and Section 30 of the General Terms and Conditions of this Tariff (as to Negotiated Rate agreements).

5.4 FEP may, consistent with any provisions on discounting in the PALS Agreement or in a separate discount, Negotiated Rate agreement, charge any individual Shipper for service under this Rate Schedule PALS a rate which is lower than the applicable maximum rate set forth in this Tariff; provided, however, that such rate may not be less than the applicable minimum rate for service under Rate Schedule PALS set forth in this Tariff except as otherwise provided in Section 30 of the General Terms and Conditions of this Tariff (as to Negotiated Rate agreements). FEP shall file with the Commission any and all reports as required by the Commission's Regulations with respect to the institution or discontinuance of any discount.

5.5 All revenues collected by FEP as a result of providing service under Rate Schedule PALS shall be retained by FEP unless FEP has otherwise explicitly agreed on or the Commission has required a different disposition of such amounts. The Penalty Revenue (Section 9.3) provisions in the General Terms and Conditions of this Tariff represent an agreement by FEP on a different disposition of certain revenue.

6. QUANTITY

Each PALS Request Order shall specify in Dth the MAQ and a daily schedule of the quantities (including the MDQ RO) to be parked and/or loaned under the specific transaction. The daily schedule of returned quantities by the Shipper or FEP shall also be specified in the PALS Request Order. The quantities may be specified as a range of quantities (maximum and minimum aggregate and daily quantities and the related time periods) to be parked and/or loaned and returned, and the schedule may include the flexibility to do either a park or a loan within specified quantity and time limits. The schedule may provide for flexibility in total quantities and in the daily quantities parked and/or loaned, in the timing of the park or the loan (or any portion thereof), in the duration of the park and/or loan (or any portion thereof) and/or the timing of the completion of the park or loan (or any portion thereof) by the return of Gas to the Shipper or to FEP, and shall specify the limits of the flexibility allowed. Subject to the flexibility specified in the PALS Request Order, the MDQ RO shall be the maximum quantity FEP is obligated, on an interruptible basis, to receive from or deliver to Shipper under the PALS Request Order on the specified Day. The MAQ RO shall be the maximum aggregate quantity FEP is obligated to hold or loan for the account of Shipper under the RO. The minimum aggregate and daily quantities to be parked and/or loaned and returned on an interruptible basis shall also be specified in the PALS Request Order. The sum total of a Shipper's MAQ ROs and MDQ ROs shall not exceed the MAQ and Contract MDQ specified in the PALS Agreement. If a Shipper exceeds the Contract MDQ or MAQ in the PALS Agreement or fails to comply with any quantity or timing parameter in the applicable PALS Request Order (unless such failure is due to FEP not confirming a nomination properly submitted), it shall be subject to overrun charges.

7. PALS POINTS OF SERVICE

Subject to the scheduling and curtailment priorities contained in the General Terms and Conditions of this Tariff, FEP will render service under this Rate Schedule at any Point(s) mutually agreeable to FEP and Shipper, including Pooling Points. The Point(s) actually used in any park or loan service will be specified in a PALS Request Order. Gas parked or loaned at any Point must be returned at the same Point unless the parties mutually agree on a different Point for the return and Shipper arranges for any transportation required to the different Point of return.

8. NOMINATIONS

It shall be solely Shipper's responsibility to provide FEP with daily nominations of the quantity of Gas to be received or delivered at the Receipt or Delivery Point(s) within the parameters specified in the applicable PALS Request Order. Nominations for any day or for any nomination cycle must be consistent with the PALS Request Order. It shall also be Shipper's responsibility to cause Gas to be delivered to FEP and to cause Gas to be received from FEP in accordance with the PALS Request Order. Nominations shall be subject to confirmation and scheduling in accordance with the General Terms and Conditions of this Tariff. If a nomination to reverse a park or loan is consistent with the PALS Request Order but cannot be confirmed by FEP, the Shipper must

continue to nominate on subsequent Days until FEP can confirm the nomination, unless the parties agree on a revised PALS Request Order. Differences between confirmed nominations and allocated quantities are subject to Balancing Service Charges under Section 10.8 of the General Terms and Conditions of this Tariff. Overrun charges apply as specified in Section 9.2 of the General Terms and Conditions of this Tariff.

9. UPSTREAM AND DOWNSTREAM ARRANGEMENTS

Shipper shall make all necessary arrangements with upstream or downstream entities. Such arrangements must be consistent with this Rate Schedule PALS and must be coordinated with FEP.

10. ALLOCATION OF SERVICE

Scheduling and curtailment of service hereunder in relation to other services provided by FEP will be governed by the General Terms and Conditions of this Tariff.

11. OPERATIONAL REQUIREMENTS OF FEP

(a) Shipper may be required, upon notification from FEP, to cease or reduce deliveries to, or receipts from, FEP hereunder within the Day consistent with FEP's operating requirements. Further, Shipper may be required to return all or a portion of borrowed quantities or remove all or a portion of parked quantities upon notification by FEP. Such notification may be by written communication, facsimile, telephone or electronic means. FEP's notification shall specify the time frame within which parked quantities shall be removed and/or borrowed quantities shall be returned, consistent with FEP's operating conditions and subject to the scheduling and confirmation of such quantities, but in no event shall the specified time be sooner than the next calendar day after FEP's notification.

(1) In the event that the specified time frame for removal or return of Gas quantities is the next calendar day, the time frame for required removal or return shall begin from the time that Shipper receives actual notice from FEP. Notices provided after business hours for the next calendar day will be provided to Shipper via telephone and electronic means. In the event that Shipper makes a timely nomination in response to notification by FEP to remove parked quantities and/or return borrowed quantities, the obligation of Shipper to comply with the notification shall begin when FEP schedules the nomination; provided, however, Shipper shall exercise best efforts to nominate transportation service on a firm or interruptible basis, as necessary, to Receipt and Delivery Points made available by FEP so as to accommodate, to the greatest extent possible FEP's notification to remove parked quantities and/or return borrowed quantities.

(2) Unless otherwise agreed by Shipper and FEP on a not unduly discriminatory basis:

(i) any parked quantity not removed within the time frame specified by FEP's notice shall be purchased by FEP at 50% of the Average Weekly Index Price (AWIP) that includes the date on which FEP's notice was given;

(ii) any borrowed quantity not returned within the time frame specified by FEP's notice shall be sold to Shipper at 150% of the AWIP for the day on which FEP's notice was given.

(b) In the event parked quantities remain in FEP's System and/or borrowed quantities have not been returned to FEP's System at the expiration of any PALS Request Order executed by Shipper and FEP, FEP and Shipper may negotiate to mutually agree to an extended time frame and/or modified terms, including the rate, of such PALS Request Order. In the event that Shipper and FEP are unable to come to such agreement, FEP shall notify Shipper and Shipper shall remove the parked quantities and/or return the borrowed quantities within the time frame specified in FEP's notice, which in no instance shall be less than one (1) calendar day. During a Critical Time, any parked quantities not removed within the time frame specified by FEP's notice shall be purchased by FEP at 50% of the AWIP. If, however, Shipper is unable to nominate quantities under the PALS Rate Schedule to remove such parked quantities due to an interruption on FEP's System, FEP shall waive the cash amount (i.e., purchase of Gas at 50% of the AWIP) for a term equal to the greater of: (i) five (5) business days; or (ii) the duration of the interruption. Any borrowed quantities not returned within the time frame specified by FEP's notice shall be sold to Shipper at 150% of the AWIP.

During a non-Critical Time, any parked quantities not removed within the time frame specified by FEP's notice shall be purchased at 65% of the AWIP. If, however, Shipper is unable to nominate quantities under the PALS Rate Schedule to remove such parked quantities due to an interruption on FEP's System, FEP shall waive the cash amount (i.e., purchase of Gas at 65% of the AWIP) for a term equal to the greater of: (i) five (5) business days; or (ii) the duration of the interruption. Any borrowed quantities not returned within the time frame specified by FEP's notice shall be sold to Shipper at 135% of the AWIP.

12. OVERRUN SERVICE AND UNAUTHORIZED OVERRUN GAS

(a) Upon request of Shipper, FEP shall if System capability is available accept nominations to park or loan on any Day quantities of Gas in excess of Shipper's MAQ and/or Contract MDQ under the PALS Agreement and the related PALS Request Order when the capacity and operating capability of its System will permit such service without impairing the ability of FEP to meet its other obligations of equal or higher priority. In granting requests for Authorized Overrun Service, FEP shall act in a manner consistent with the service priorities set out in the General Terms and Conditions of this Tariff. Shipper shall pay FEP the applicable rate for Authorized Overrun Service set forth in this Tariff.

(b) For Unauthorized Overrun Gas, Shipper shall pay FEP the charges for Unauthorized Overrun Gas set out in Section 9.2 of the General Terms and Conditions of this Tariff.

13. GENERAL TERMS AND CONDITIONS

The provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule PALS and shall apply to service rendered hereunder as though stated herein.

RATE SCHEDULE HAT HUB AREA TRANSPORTATION

1. AVAILABILITY

This Rate Schedule HAT is available to any entity (hereinafter called Shipper) which: (a) submits to Fayetteville Express Pipeline LLC (hereinafter called FEP) a valid request as defined in Section 3 hereof; and (b) executes a Hub Area Transportation Service Agreement (HAT Agreement) with FEP applicable to service under this Rate Schedule HAT. The form of HAT Agreement is contained in this Tariff. There is no limitation on the number of HAT Agreements any one Shipper may have.

2. APPLICABILITY, CHARACTER AND PRIORITY OF SERVICE

2.1 This Rate Schedule HAT defines an interruptible transportation service available only in the Hub Area. The “Hub Area” includes facilities from mile post 63 to the terminus of FEP’s system in Panola County, Mississippi encompassing certain physical delivery points, and one paper hub point (“Hub Point”) which shall be deemed to be physically located at the terminus of FEP’s system in Panola County, Mississippi. The Hub Area is reflected on the map in currently effective Part 3 of this Tariff. This Rate Schedule HAT shall apply to all Gas transported by FEP for Shipper pursuant to a HAT Agreement. As more fully set out in the General Terms and Conditions of this Tariff, FEP is not providing a supply service under this Rate Schedule HAT.

2.2 FEP shall have the right to waive any one or more specific defaults by any Shipper if such default will not affect the integrity of FEP’s System or the quality of service and if the waiver is provided on a basis which is not unduly discriminatory, provided that such waiver is not inconsistent with any applicable Commission Regulations or orders, and provided also that any waiver given to a Shipper by FEP shall be made available to all similarly situated Shippers during the time period when it is in effect. No such waiver shall operate or be construed as a waiver of any other existing or future default or defaults, whether of a like or different character.

2.3 Service hereunder shall consist of the acceptance by FEP of Gas from or for the account of Shipper at Receipt Point(s) under the HAT Agreement, the transportation of that Gas through FEP’s System, and the delivery of that Gas by FEP to Shipper or for Shipper’s account at Delivery Point(s) under the HAT Agreement. FEP shall not be required: (a) to accept on any Day Gas tendered, or to deliver on any Day Gas requested, in excess of the Contract MDQ, plus applicable Booster Compression Fuel and Lost and Unaccounted For Gas, specified in the HAT Agreement, except as provided in Section 8 of this Rate Schedule HAT; or (b) to accept or deliver on any Day Gas hereunder which is not properly nominated pursuant to and to the extent required by the General Terms and Conditions of this Tariff. Service hereunder shall not encompass gathering services, transportation through the facilities of any third party, except in accordance with Section 33 of the General Terms and Conditions of this Tariff or transportation of liquids.

2.4 The service provided under this Rate Schedule HAT shall be performed under Part 284 of the Commission's Regulations. Shipper shall only tender Gas for transportation under this Rate Schedule HAT to the extent such service would qualify under the applicable statutes, regulations, Commission orders and the blanket certificate authorizing service by FEP under this Rate Schedule. For service under Subpart B of Part 284 of the Commission's Regulations, Shipper shall provide to FEP appropriate certification, including sufficient information in order for FEP to verify that the service qualifies under Subpart B of Part 284 of the Commission's Regulations. Where required by the Commission's Regulations, Shipper shall (prior to tendering Gas under a HAT Agreement) cause the intrastate pipeline or local distribution company on whose behalf the service will be provided to submit the necessary certification.

2.5 Service hereunder is provided on an interruptible basis. Scheduling and curtailment are governed by the General Terms and Conditions of this Tariff.

2.6 A HAT Shipper may only bring receipts to the Hub Point or Hub Area delivery points from Hub Area receipt points. However, under a separate transportation agreement, a Shipper may bring receipts to the Hub Point or Hub Area delivery points from receipt points located anywhere on the FEP System, as well as from the Pooling Point. A HAT Shipper may only make deliveries from the Hub Point or Hub Area receipt points. However, under a separate transportation agreement, a Shipper may make deliveries from the Hub Point or Hub Area receipt points to delivery points located anywhere on the FEP System.

2.7 A HAT Shipper may transfer Gas to another HAT Shipper at the Hub Point without incurring a transportation charge. Any such transfer receipts must equal transfer deliveries.

3. VALID REQUESTS

3.1 A request for service under this Rate Schedule HAT shall be valid as of the date received if it complies with this Section and contains adequate information on all of the items specified in Section 3.2, subject to any necessary verification of such information and to the following:

(a) A request shall not be valid and FEP shall not be required to grant any such request: (1) which would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that FEP may agree on a basis not unduly discriminatory to construct, modify, expand, or acquire facilities to enable it to perform such services; (2) unless and until Shipper has provided FEP with the information required in Section 3.2 hereof; (3) if FEP determines, based on the credit analysis referenced in Section 3.2(d), that Shipper does not possess sufficient financial stability to make it reasonably likely the service provided hereunder will be paid for on a timely basis; (4) if the service requested would not comply with this Rate Schedule HAT; or (5) if the service requested is at less than the applicable maximum rate; provided, however, that FEP may agree to provide service hereunder at a discount or at a Negotiated Rate, consistent with this Rate Schedule HAT and the applicable General Terms and Conditions of this Tariff. Nothing herein is intended to govern the scheduling or curtailment of service once a request for service has

been granted pursuant to this Section and while a HAT Agreement is in effect. Such scheduling and/or curtailment are governed by the General Terms and Conditions of this Tariff.

(b) Any request must be complete and comply with this Rate Schedule HAT. FEP shall promptly notify Shipper if it cannot satisfy an otherwise valid request, in whole or in part, due to any of the reasons set out in Section 3.1(a) or if the request is incomplete or does not comply with this Rate Schedule HAT. If a request is not complete, FEP shall inform Shipper in writing of the specific items needed to complete the HAT Agreement, after which Shipper shall have fifteen (15) days to provide the specified information. In the event such information is not received by FEP within fifteen (15) days, Shipper's request shall be null and void.

(c) FEP shall tender a HAT Agreement to Shipper for execution when Shipper's request for service is accepted. Unless waived by FEP, a request for service shall be invalid if Shipper fails to execute a HAT Agreement hereunder within ten (10) days after a HAT Agreement has been tendered by FEP for execution; provided, however, that FEP shall waive this time requirement if the delay is not unreasonable.

3.2 Requests for service hereunder shall be deemed valid only after the following information is provided by Shipper via FEP's Interactive Website or in writing to FEP's Gas Transportation Department, at Market Operations, 711 Louisiana Street, Suite 900, Houston, Texas 77002, or Telecopy Number (281) 714-2179:

(a) GAS QUANTITIES

The request shall specify in Dth the Contract MDQ, exclusive of applicable Booster Compression Fuel and Lost and Unaccounted For Gas; provided, however, that FEP shall not be obligated to accept requests for a Contract MDQ of less than one hundred (100) Dth per Day. A Shipper shall include in its request, in addition to its Contract MDQ, a quantity of Gas adequate to provide any applicable Booster Compression Fuel and Lost and Unaccounted For Gas.

(b) AVAILABILITY OF POINTS

(1) A Shipper may utilize all available Receipt and Delivery Points in the Hub Area under any HAT Agreement, as more fully set out in the General Terms and Conditions of this Tariff. FEP will post the availability of such Points on its Interactive Website, as such posted Points may be revised by FEP. The Hub Point may not be specified as a primary Receipt or Delivery Point.

(2) The available quantity and priorities at any Point shall be governed by the General Terms and Conditions of this Tariff.

(c) TERM OF SERVICE

The request shall specify:

(1) The date service is requested to commence, and

(2) The date service is requested to terminate.

(d) CREDIT

Acceptance of a request is contingent upon an evaluation of credit by FEP in accordance with the General Terms and Conditions of this Tariff.

(e) COMPLIANCE WITH HAT TARIFF

Submission of a request for service hereunder shall be deemed agreement by Shipper that it will abide by the terms and conditions of this Rate Schedule HAT, including the applicable General Terms and Conditions.

(f) COMMISSION-REQUIRED FILING INFORMATION

The following information is to be provided at the time a request for service hereunder is submitted, if available, or when an initial nomination for transportation under an executed HAT Agreement is submitted, and when any subsequent changes occur:

(1) Affiliation of the Shipper with FEP; and

(2) The identity of the Shipper, including whether it is a local distribution company, an interstate pipeline company, an intrastate pipeline company, an end user, a producer, or a marketer.

4. TERM

(a) The term of service hereunder shall be set forth in the HAT Agreement between Shipper and FEP, subject to any rollover rights consistent with Section 16 of the General Terms and Conditions of the Tariff. FEP may terminate the HAT Agreement if Shipper fails to cause Gas to be delivered during any twelve (12) consecutive calendar Months when capacity is available, unless Shipper's failure to deliver Gas was attributable to circumstances of Force Majeure.

(b) Upon termination of any HAT Agreement, service by FEP to Shipper thereunder shall be terminated and automatically abandoned unless otherwise provided by contract pursuant to Section 16 of the General Terms and Conditions of this Tariff.

5. RATE

5.1 (a) Shipper shall pay FEP each Month under this Rate Schedule HAT a one-part Commodity Charge as set out in this Tariff for each Dth of Gas transported, together with such other charges as are identified in this Tariff. The maximum Monthly Commodity

Charges, as applicable, shall be the applicable maximum unit rate set out in this Tariff multiplied by the quantity of Gas actually transported by FEP for Shipper during the billing Month.

(b) Shipper shall also pay, where applicable, other charges set forth in this Tariff, including but not limited to Balancing Service Charges.

(c) Where a Shipper has agreed to pay a Negotiated Rate, the rates assessed hereunder shall be governed by Section 30 of the General Terms and Conditions of this Tariff.

5.2 Shipper shall reimburse FEP for applicable Lost and Unaccounted For Gas as provided by Section 36 of the General Terms and Conditions. A separate incremental Booster Compression Fuel charge is set forth for point(s) where Booster Compression applies.

5.3 (a) Unless otherwise agreed by contract, Shipper shall reimburse FEP within thirty (30) days after costs have been incurred by FEP for all fees required by the FERC or any regulatory body including, but not limited to, filing, reporting, and application fees to the extent such fees are specifically related to service for that Shipper hereunder and are not generally applicable fees (such as general rate case filing fees).

(b) Unless otherwise agreed by contract, if FEP constructs, acquires or modifies any facilities (excluding Expansion Facilities) to perform service hereunder, then, to the extent provided in Section 5 of the General Terms and Conditions of this Tariff and pursuant to a separate agreement, either:

(1) Shipper shall reimburse FEP for the cost of such facilities or facility modifications as described in the General Terms and Conditions of this Tariff; or

(2) FEP shall assess a Monthly charge reflecting such facility costs.

5.4 The ACA charge will be assessed, when applicable, as provided in the General Terms and Conditions of this Tariff, on quantities transported by FEP for Shipper under this Rate Schedule HAT, provided that ACA shall not be charged on quantities delivered to the Hub Point.

5.5 (a) Unless otherwise provided by contract, FEP shall have the unilateral right to file with any appropriate regulatory authority and make changes effective in: (1) the rates and charges applicable under this Rate Schedule HAT, including both the level and design of such rates and charges; or (2) the terms and conditions of this Rate Schedule HAT, including the applicable General Terms and Conditions.

(b) If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises allows or permits FEP to collect, or to negotiate to collect, a higher rate for the service hereunder, the rate shall be increased to the highest such rate unless the HAT Agreement or a separate discount, Negotiated Rate agreement provides that the rate established in such an agreement shall not be subject to such a modification or increase. Should additional documentation be required in order for FEP to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) days after a written request by FEP. If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises requires FEP to charge a lower rate for transportation service hereunder, the rate shall be decreased to such reduced rate except as otherwise agreed under Section 5.1(b) of this Rate Schedule and Section 30 of the General Terms and Conditions of this Tariff (as to Negotiated Rate agreements).

5.6 FEP may, consistent with any provisions on discounting in the HAT Agreement or in a separate discount, Negotiated Rate agreement, charge any individual Shipper for service under this Rate Schedule HAT a rate which is lower than the applicable maximum rate set forth in this Tariff; provided, however, that such rate may not be less than the applicable minimum rate for service under Rate Schedule HAT set forth in this Tariff except as otherwise provided in Section 30 of the General Terms and Conditions of this Tariff (as to Negotiated Rate agreements). FEP shall file with the Commission any and all reports as required by the Commission's Regulations with respect to the institution or discontinuance of any discount.

5.7 All revenues collected by FEP as a result of providing service under Rate Schedule HAT shall be retained by FEP unless FEP has otherwise explicitly agreed on or the Commission has required a different disposition of such amounts. The Penalty Revenue (Section 9.3) provision in the General Terms and Conditions of this Tariff represents an agreement by FEP on a different disposition of certain revenue.

6. NOMINATIONS AND IMBALANCES

(a) Shipper shall provide FEP with daily nominations of receipts and deliveries by Receipt and Delivery Point in accordance with the General Terms and Conditions of this Tariff. It shall be Shipper's responsibility to cause Gas to be delivered to FEP at Receipt Point(s), and to cause Gas to be taken from FEP at Delivery Point(s), in accordance with the information supplied to FEP, as long as such Gas Quantities are nominated for simultaneous receipt and further delivery on FEP under either a FTS, ITS or HAT Agreement.

(b) FEP will enter into OBAs (as defined in the General Terms and Conditions of this Tariff) at Receipt Points and/or Delivery Points, in accordance with Section 6.11 of the General Terms and Conditions of this Tariff. Where imbalances are beyond the parameters in an OBA or where an OBA is not applicable, however, it shall be Shipper's responsibility to keep receipts and deliveries in balance. FEP may curtail service hereunder to the extent necessary to bring receipts and deliveries into balance and to the extent consistent with Section 10 of the General Terms and Conditions of this Tariff.

7. RECEIPT AND DELIVERY POINTS AND UPSTREAM AND DOWNSTREAM ARRANGEMENTS

(a) Conditions of delivery at Receipt and Delivery Points are set out in the General Terms and Conditions of this Tariff.

(b) Shipper shall make all necessary arrangements with other parties: (1) at or upstream of the Receipt Point(s) where Gas is tendered to FEP hereunder; and (2) at or downstream of the Delivery Point(s) where FEP delivers Gas hereunder to or for the account of Shipper. Such arrangements must be consistent with this Rate Schedule HAT and must be coordinated with FEP.

8. OVERRUN SERVICE AND UNAUTHORIZED OVERRUN GAS

(a) Upon request of Shipper, FEP shall if capacity is available receive, transport, and deliver on any Day quantities of Gas in excess of Shipper's Contract MDQ under the HAT Agreement when the capacity and operating capability of its System will permit such receipt, transportation and delivery without impairing the ability of FEP to meet its other obligations of equal or higher priority. In granting requests for Authorized Overrun Service, FEP shall act in a manner consistent with the service priorities set out in the General Terms and Conditions of this Tariff. Shipper shall pay FEP the applicable rate for Authorized Overrun Service set forth in this Tariff.

(b) For Unauthorized Overrun Gas, Shipper shall pay FEP the charges for Unauthorized Overrun Gas set out in Section 9.2 of the General Terms and Conditions of this Tariff.

9. GENERAL TERMS AND CONDITIONS

The provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule HAT and shall apply to service rendered hereunder as though stated herein.

1. DEFINITIONS

AGREEMENT

"Agreement" shall mean an agreement subject to, as applicable, Rate Schedule FTS, ITS, PALS or HAT.

AUTHORIZED OVERRUN GAS

"Authorized Overrun Gas" shall mean those quantities of Gas nominated and confirmed for transportation by Shipper on any Day in excess of its currently effective Contract and/or Point MDQ, to the extent such Gas is scheduled under Section 6 of these General Terms and Conditions.

AVERAGE MONTHLY INDEX PRICE (AMIP)

"Average Monthly Index Price" or "AMIP" for each calendar Month, shall be used for calculations under Section 36 of these General Terms and Conditions (relating to Fuel Gas, Booster Compression Fuel and Lost and Unaccounted For Gas respectively), and shall be determined as follows:

$$\text{AMIP} = \text{INDEX} \times (100\% / (100\% - \text{FUEL})) + \text{COMM}$$

Where:

INDEX = the price published in Platts' monthly "Gas Daily Price Guide" in the table entitled "Midpoint Averages, (Month)" for NGPL, Texok zone (or the superseding reference if the publication titling is revised);

FUEL = NGPL's transportation fuel retention factor (in %) for receipts in the Texok Receipt Zone and deliveries in the Market Delivery Zone minus NGPL's transportation fuel retention factor (in %) for receipts in the Gulf Coast Mainline Receipt Zone and deliveries in the Market Delivery Zone, as published in NGPL's then-current FERC natural gas tariff;

COMM = NGPL's minimum ITS commodity rate for receipts in the Texok Receipt Zone and deliveries in the Market Delivery Zone, as published in NGPL's then-current natural gas tariff.

If the monthly price for the above location is no longer published by Gas Daily, the equivalent price in the Intelligence Press Publication "NGI's Bidweek Survey", under the column labeled "avg." in the table entitled "(Month Year) Cumulative" will be used to determine the AMIP.

In the event that any index referenced above is unavailable or if the indices in the aggregate do not meet FERC requirements as to liquidity, FEP will post that information in its Interactive Website and shall discontinue use of that referenced index in computing the Average Monthly Index Price. During any period when an index is unavailable, FEP shall compute the Average Monthly Index Price using the published index prices that remain available. If any index remains unavailable for sixty (60) Days, FEP shall make a limited tariff filing pursuant to Section 4 of the Natural Gas Act requesting Commission authorization to adopt an appropriate replacement index to use in the computation of the Average Monthly Index Price. FEP will consult with Shippers at any time when the referenced index is not to be used and a replacement index is used. Shippers may protest FEP's filing with the Commission during this proceeding.

AVERAGE WEEKLY INDEX PRICE OR AWIP

"Average Weekly Index Price" or "AWIP" shall mean for any week the average of the two prices determined as follows:

- (a) A price defined as:

$$\text{INDEX} \times (100\% / (100\% - \text{FUEL})) + \text{COMM}$$

Where:

INDEX = the price published in Platts' "Gas Daily" in the table entitled "Weekly weighted average prices" for NGPL, Texok zone (or the superseding reference if the publication titling is revised);

FUEL = NGPL's transportation fuel retention factor (in %) for receipts in the Texok Receipt Zone and deliveries in the Market Delivery Zone minus NGPL's transportation fuel retention factor (in %) for receipts in the Gulf Coast Mainline Receipt Zone and deliveries in the Market Delivery Zone, as published in NGPL's then-current FERC natural gas tariff;

COMM = NGPL's minimum ITS commodity rate for receipts in the Texok Receipt Zone and deliveries in the Market Delivery Zone, as published in NGPL's then-current natural gas tariff.

- (b) The price published in Platts' "Gas Daily" in the table entitled "Weekly weighted average prices" for Texas Gas, Zone 1 (or the superseding reference if the publication titling is revised);

If the weekly price for one or both of the above locations is no longer published by Gas Daily, the equivalent prices in the Intelligence Press publication "Weekly Gas Price Index", under the column labeled "avg." in the table entitled "Spot Gas Prices" will be used to determine the prices to be averaged for both locations.

In the event that any index referenced above is unavailable or if the indices in the aggregate do not meet FERC requirements as to liquidity, FEP will post that information in its Interactive Website and shall discontinue use of that referenced index in computing the Average Weekly Index Price. During any period when an index is unavailable, FEP shall compute the Average Weekly Index Price using the published index prices that remain available. If any index remains unavailable for sixty (60) Days, FEP shall make a limited tariff filing pursuant to Section 4 of the Natural Gas Act requesting Commission authorization to adopt an appropriate replacement index to use in the computation of the Average Weekly Index Price. FEP will consult with Shippers at any time when the referenced index is not to be used and a replacement index is used. Shippers may protest FEP's filing with the Commission during this proceeding.

BOOSTER COMPRESSION

"Booster Compression" shall mean compression installed by FEP to facilitate the receipt of Gas into its system if applicable.

BOOSTER COMPRESSION FUEL

"Booster Compression Fuel" means only the thermal equivalent of that quantity of Gas actually used or incurred by FEP on an incremental basis where Booster Compression is installed, to effect the transportation of Gas hereunder from the Receipt Points to the Delivery Points, consistent with Section 36 of these General Terms and Conditions.

BUSINESS DAY

Monday through Friday, 8:00 a.m. to 4:30 p.m. Central Clock Time excluding Federal Banking Holidays.

CONTRACT MDQ

"Contract MDQ" is the MDQ of Gas that FEP is obligated to transport and deliver to Shipper and Shipper is entitled to receive as specified in an Agreement, except for Authorized Overrun Gas, subject to the provisions of Sections 3 and 4 of these General Terms and Conditions.

DAILY INDEX PRICE OR DIP

"Daily Index Price" or "DIP" shall mean for any Day the average of the two prices determined as follows for such Day, using flow date and quantity data as shown for the following indices:

- (a) A price defined as:

$$\text{INDEX} \times (100\% / (100\% - \text{FUEL})) + \text{COMM}$$

Where:

INDEX = the price published in Platts' "Gas Daily" under the column labeled "Midpoint" in the table entitled "Daily price survey (\$/MMBtu)" for NGPL, Texok zone (or the superseding reference if the publication titling is revised);

FUEL = NGPL's transportation fuel retention factor (in %) for receipts in the Texok Receipt Zone and deliveries in the Market Delivery Zone minus NGPL's transportation fuel retention factor (in %) for receipts in the Gulf Coast Mainline Receipt Zone and deliveries in the Market Delivery Zone, as published in NGPL's then-current FERC natural gas tariff;

COMM = NGPL's minimum ITS commodity rate for receipts in the Texok Receipt Zone and deliveries in the Market Delivery Zone, as published in NGPL's then-current natural gas tariff.

- (b) The price published in Platts' "Gas Daily" under the column labeled "Midpoint" in the table entitled "Daily price survey (\$/MMBtu)" for Texas Gas, zone 1 (or the superseding reference if the publication titling is revised).

If the daily price for one or both of the above locations is no longer published by Gas Daily, the equivalent prices in the Intelligence Press publication "NGI's Daily Gas Price Index", under the column labeled "avg." in the table entitled "(Month) Cash Market Prices" will be used to determine the prices to be averaged for both locations.

In the event that any index referenced above is unavailable or if the indices in the aggregate do not meet FERC requirements as to liquidity, FEP will post that information in its Interactive Website and shall discontinue use of that referenced index in computing the Daily Index Price. During any period when an index is unavailable, FEP shall compute the Daily Index Price using the published index prices that remain available. If any index remains unavailable for sixty (60) days, FEP shall make a limited tariff filing pursuant to Section 4 of the Natural Gas Act requesting Commission authorization to adopt an appropriate replacement index to use in the computation of the Daily Index Price. FEP will consult with Shippers at any time when the referenced index is not to be used and a replacement index is used. Shippers may protest FEP's filing with the Commission during this proceeding.

DAY OR GAS DAY

"Day" or "Gas Day" shall mean 9 a.m. to 9 a.m. (Central Clock Time)..

DELIVERY POINT

The term "Delivery Point" shall mean any Point at which FEP delivers to or for the account of Shipper Gas which has been transported by FEP under any Rate Schedule in this Tariff, as specified in an Agreement, or a Point at which Gas is delivered to Shipper pursuant to a Request Order under Rate Schedule PALS or as applicable to service under such Agreement by operation of this Tariff.

DTH

The term "Dth" shall mean one million (1,000,000) Btus and is equivalent to one (1) MMBtu.

EDI

The term "EDI" shall mean Electronic Data Interchange.

EQUIVALENT VOLUMES

"Equivalent Volumes" shall mean the sum of the quantities of Gas measured in Dth received by FEP for the account of a Shipper at the Receipt Points during any given period of time: (a) reduced by (i) that Shipper's share of Fuel Gas and Lost and Unaccounted For Gas, Booster Compression Fuel if applicable and (b) adjusted for any variations in Btu content, as corrected for any water vapor in excess of five (5) pounds per million (1,000,000) cubic feet of Gas, it being the intent of the parties that the quantities of Gas delivered hereunder at the Delivery Point after transportation be the thermal equivalent of the quantities of Gas delivered at the Receipt Point for transportation, after reduction, correction and adjustment as provided above. In determining Equivalent Volumes for redelivery, FEP shall formulate a thermal balance evaluating inputs to, and deliveries from, the System at least once each Month. Fuel Gas, Booster Compression Fuel and Lost and Unaccounted For Gas shall be determined pursuant to Section 36 of these General Terms and Conditions.

FERC

"FERC" or "Commission" shall mean the Federal Energy Regulatory Commission or any federal commission, agency or other governmental body or bodies succeeding to, lawfully exercising or superseding any powers which were exercisable by the Federal Energy Regulatory Commission.

FUEL GAS

"Fuel Gas" means the thermal equivalent of that quantity of Gas actually used or incurred by FEP to effect the transportation of Gas hereunder from the Receipt Points to the Delivery Points. Consistent with Section 36 of the General Terms and Conditions, Booster Compression Fuel incurred by FEP shall be determined separately and is not included in Fuel Gas.

GAS

"Gas" shall mean combustible hydrocarbon Gas.

HEATING VALUE

The term "heating value" shall mean the number of Btus per cubic feet of Gas at the base condition of 14.73 psia 60 degrees Fahrenheit dry. The Btu value will be determined utilizing the complete actual composition of the Gas according to the methods in GPA Standard 2172-96, titled "Calculation of Gross Heating Value, Relative Density and Compressibility Factor for Natural Gas Mixtures from Compositional Analysis," and corrected to the base conditions. For reporting purposes, Btu conversion factors will be reported to not less than three (3) decimal places and Pressure Base conversion factors will be reported to not less than six (6) decimal places. For calculation purposes, not less than six (6) decimal places will be used for both conversion factors.

HUB POINT

"Hub Point" shall have the meaning set out in Section 2.1 of Rate Schedule HAT.

INTERACTIVE WEBSITE

The term "Interactive Website" shall mean the interactive internet website maintained by FEP for communication regarding its transportation services in accordance with applicable Commission Regulations and NAESB Standards, as more fully described in Section 13 of these General Terms and Conditions.

LOST AND UNACCOUNTED FOR GAS

"Lost and Unaccounted For Gas" shall mean the thermal equivalent of the difference between the sum of all input quantities of Gas to the System (including Fuel Gas) and the sum of all output quantities of Gas from the System plus Fuel Gas, which difference shall include but shall not be limited to Gas vented (other than Gas that can be attributed to an offending Shipper), line heater Gas, and Gas lost as a result of an event of Force Majeure, the ownership of which cannot be reasonably identified. Lost and Unaccounted For Gas shall be determined pursuant to Section 36 of these General Terms and Conditions.

MCF

"Mcf" shall mean one thousand (1,000) cubic feet of Gas.

MDQ

"MDQ" shall mean the maximum daily quantity.

MONTH

"Month" shall mean the period beginning on the first day of any calendar month and ending on the first day of the next succeeding calendar month.

NEGOTIATED RATE

The term "Negotiated Rate" shall mean a rate provision under which FEP and Shipper have agreed on the amount to be charged for the service under Rate Schedule FTS, ITS, PALS or HAT which results in a rate where, for all or a portion of the contract term, one or more of the individual components of such rate deviates from the applicable minimum and/or maximum rate level, as set forth in Section 30, hereof. Any Agreement entered into which provides for a rate under Rate Schedule FTS, ITS, PALS or HAT other than the applicable maximum rate shall contain a provision setting out the mutual agreement of the parties, consistent with Commission policy, as to whether the pricing terms represent a discounted rate or a Negotiated Rate. A negotiated rate may be a stated rate or a rate determined by a formula. A Negotiated Rate arrangement may cover Fuel Gas and Lost and Unaccounted For Gas and/or Booster Compression Fuel.

NOMINATION

"Nomination" shall mean the requests for service submitted pursuant to Section 6 of these General Terms and Conditions.

OPERATIONAL BALANCING AGREEMENT ("OBA")

An OBA is a contract between two parties which specifies the procedures to manage operating variances at an interconnect. FEP shall not be obligated to enter into an OBA with any form of cash out.

OVERAGE AVERAGE MONTHLY INDEX PRICE (OAMIP)

The Overage Average Monthly Index Price or "OAMIP" shall mean the index price used in determining cash out amounts for overages as provided in Section 10.4 of these General Terms and Conditions.

POINT

"Point" shall mean a physical point on FEP's System at which Gas can be received and/or delivered and which is utilized to provide service under Rate Schedules FTS, ITS, PALS or HAT.

POINT MDQ

Each FTS Agreement shall specify a Point MDQ for each Receipt Point and each Delivery Point. Subject to the provisions of Section 2.3(b) of Rate Schedule FTS, "Point MDQ" shall mean: (i) the MDQ of Gas which FEP is obligated to deliver on a primary firm basis at Delivery Points;

and (ii) the MDQ of Gas which FEP is obligated to receive on a primary firm basis at Receipt Points, exclusive of Fuel Gas, Lost and Unaccounted For Gas, and Booster Compression Fuel, if applicable. At Receipt Points, FEP shall be obligated to accept applicable Fuel Gas and Lost and Unaccounted For Gas on a primary firm basis in addition to the Point MDQ quantity.

POOLING POINT

“Pooling Point” shall have the meaning set out in Section 6.12 of the General Terms and Conditions of this Tariff.

RECEIPT POINT

"Receipt Point" shall mean any Point at which Gas is tendered by or for the account of Shipper to FEP for transportation as specified in an Agreement, or for the receipt of Gas by FEP pursuant to a Request Order under Rate Schedule PALS, or as applicable to service under such Agreement by operation of this Tariff.

RECOURSE RATE

"Recourse Rate" shall mean the applicable maximum rate which would apply to the service but for the rate flexibility allowed under Sections 30 (Negotiated Rates) and 34 (Discounting) hereof.

SHIPPER

The term "Shipper" shall mean a Shipper as defined in any of the Rate Schedules governed by these General Terms and Conditions. In addition, in a given context, Shipper may refer to an entity which is seeking to become a Shipper.

SUPPLY LEG

“Supply Leg” shall mean the pipeline segment that is west of (but not including) the NGPL Interconnect.

SYSTEM

"System" shall mean the Pipeline, including any compression and related facilities owned or leased by FEP.

TARIFF

“Tariff” shall mean Transporter’s currently effective FERC NGA Gas Tariff.

UNAUTHORIZED OVERRUN GAS

"Unauthorized Overrun Gas" shall mean quantities of Gas received from or delivered to (or on behalf of) Shipper at a Point in excess of confirmed nominations.

UNDERAGE AVERAGE MONTHLY INDEX PRICE (UAMIP)

The Underage Average Monthly Index Price or "UAMIP" shall mean the index price used in determining cash out amounts for underages as provided in Section 10.4 of these General Terms and Conditions.

YEAR

"Year" shall mean a period of three hundred sixty-five (365) consecutive days or three hundred sixty-six (366) consecutive days if such period includes February 29.

2. PRIORITY OF SERVICE

2.1 ALLOCATION OF CAPACITY

(a) GENERAL

This Section 2.1 governs the allocation of firm capacity on FEP's System among entities requesting firm services in assigning priority to otherwise valid requests for any particular firm service. In applying such criteria where a Negotiated Rate is involved, the value assigned to a request which includes a Negotiated Rate shall be limited by the Recourse Rate as provided in Section 30 of these General Terms and Conditions. FEP shall not be required to grant otherwise valid requests at less than the applicable maximum rate, but may do so on a non-discriminatory basis.

(b) CAPACITY AWARD PROCEDURES

This Section 2.1(b), together with Sections 2.1(c) and 16 of these General Terms and Conditions, sets out the procedures to be followed by FEP in awarding all firm forward-haul transmission capacity becoming available on its System; provided, however, that these procedures do not apply to the initial allocation of such firm capacity created by the construction of new facilities (including the initial construction and any extensions and expansions of FEP's System).

(1) INITIAL OPEN SEASON

FEP shall conduct an Initial Open Season for firm forward-haul transmission capacity that is available upon FEP being in service or becomes available, including when capacity that is subject to a right of first refusal or other rollover rights is not renewed or awarded during the right of first refusal process.

(i) An Initial Open Season shall be conducted so that the open season would end at least two (2) Business Days before the date the firm capacity becomes available. Such capacity may not be awarded, except as otherwise provided in this Section 2.1 or Section 16 of these General Terms and Conditions, until after an Initial Open Season has been conducted.

(ii) In any Initial Open Season, the minimum posting and bidding period applicable to firm capacity available for less than one (1) Year is from 9:00 a.m. to 2:00 p.m. Central Clock Time on a Business Day and the minimum posting and bidding period for firm capacity available for one (1) Year or longer is four (4) Business Days, with the minimum posting periods each day being from 9:00 a.m. to 2:00 p.m. Central Clock Time.

(iii) The posting for an Initial Open Season shall include the following items:

(A) The bidding procedure to be used, including an explanation of how bids are to be submitted, a bid form, instructions for satisfying the request criteria under the applicable rate schedule, and the complete bid evaluation criteria consistent with this Section 2.1.

(B) The timetable for posting and bidding, which timetable must be consistent with Section 2.1(b)(1)(ii).

(C) The location, duration and amount of firm capacity to be covered by the Initial Open Season, and the date on which such firm capacity will be available.

(D) Contingencies, if any, which will be accepted in open season bids.

(E) Any other bid requirements, conditions, criteria, restrictions or parameters.

(iv) In the Initial Open Season, all bids must be submitted either in the basic rate design then in effect on FEP's System, which are constrained by the applicable maximum and minimum rates, or in the form of a Negotiated Rate, as specified below. As part of its Initial Open Season posting, FEP will specify whether it will accept bids in the form of a Negotiated Rate in such Open Season and, if so, the parameters for submitting Negotiated Rate bids.

(v) FEP shall establish a reserve price or reserve price matrix in every Initial Open Season, consistent with Section 2.1(c)(5) of these General Terms and Conditions.

(vi) Unless otherwise specified in the posting, a bidder may bid on all or any portion of the term for which the firm capacity is available and on all or any portion of the capacity available. FEP shall make firm capacity available without any term limit unless that firm capacity is committed at some future time under a then existing contract or that firm capacity is operationally available only for a limited period of time. Any term limit shall reflect such a contractual or operational constraint. FEP shall specify any such term limit, and the reasons for the term limit, in the posting. FEP may only impose minimum quantity, geographical or term requirements on bids for operational reasons, such as maintaining pressure or sustaining the minimum level of prudent facility operations on any affected portion(s) of its System.

(vii) FEP shall have the right to terminate an Initial Open Season through a termination posting if there is a material error in the Initial Open Season posting, which error shall be explained in the termination posting. FEP shall have the right to extend an Initial Open Season for good cause, as explained in the extension posting, or as specified in the original Initial Open Season posting.

(viii) All bids received during the open season period remain binding on the bidder through the end of the open season unless withdrawn by bidder. At the end of any open season, all bids either withdrawn or not accepted shall be deemed null and void. A bidder may withdraw its bid at any time during the open season, utilizing the same medium through which a bid can be submitted. A bidder which has withdrawn a bid may submit a bid with a higher value during the open season, but neither that bidder nor any of its affiliates may submit during that open season a bid with a lower value than the withdrawn bid [value is to be determined applying the criteria in Section 2.1(c), consistent with the posting for that open season], except if the withdrawn bid was withdrawn due to a material error. A bidder may withdraw a bid for a material error by notifying FEP by the deadline for bids that the bid contains a material error, which notification shall explain the material error.

(ix) If an open season is extended, a bidder is free to submit a new bid without restriction in the extended open season even if that bidder withdrew its bid in the original open season. If a bidder withdraws its bid in an extended open season, the same rules as in an original open season apply to that bidder.

(x) Once firm capacity has been subject to an Initial Open Season, FEP is not required to hold any further Initial Open Season while the capacity is posted on FEP's website. If however that capacity or portion of such capacity is sold under a contract that includes extension rights (rollover or ROFR under Section 16 of the GT&C) and again becomes available as result of the expiration of such contract (because the extension rights were not exercised), then such capacity under such contract shall be subject to an Initial Opens Season.

(2) REQUEST PROCEDURE

For firm capacity which is not awarded in the Initial Open Season process and for existing firm capacity which is not subject to the Initial Open Season process or to Section 16 of these General Terms and Conditions, FEP may award such capacity through either the Request Procedure in this Section 2.1(b)(2) or the Additional Open Season Procedure in Section 2.1(b)(3) of these General Terms and Conditions.

(i) FEP may award such firm capacity in response to request(s) for firm service in writing or on its Interactive Website which conform to the requirements in the applicable rate schedule for valid requests (including meeting credit criteria). A request may be unsolicited or pre-negotiated, but no communication will be considered a request hereunder unless it constitutes a valid request for service consistent with the applicable rate schedule and has been submitted in writing or via FEP's Interactive Website.

(ii) A request for firm capacity will be binding on the entity requesting firm capacity for two (2) Business Days or until the request is accepted or rejected by FEP, whichever is earlier. FEP shall respond to any request for firm capacity within two (2) Business Days. Unless granted by FEP, all requests submitted are void effective the earlier of the

time when FEP rejects the request or two (2) Business Days after the request is submitted. FEP cannot grant any request which has become void, but a request becoming void hereunder is without prejudice to any future request by that Shipper or any other Shipper.

(iii) The rate form under a request may be either the basic rate design then in effect on FEP's System or a Negotiated Rate form.

(iv) FEP is not obligated to award firm capacity based on a request at less than the applicable maximum rate, but any capacity award must be consistent with Section 2.1(c) of these General Terms and Conditions if there are competing valid requests pending. For purposes of applying the evaluation criteria in Section 2.1(c) of these General Terms and Conditions, only pending valid requests which have not become void under (ii) are considered to be competing.

(v) Requests shall not be accepted or valid as to any firm capacity which is subject to an Initial Open Season or an Additional Open Season during any period between the posting of that open season and the award of capacity (or the decision not to award capacity) under that open season.

(3) ADDITIONAL OPEN SEASON PROCEDURE

(i) If available firm capacity has not been awarded in the Initial Open Season, FEP may at any time elect to hold an Additional Open Season for that capacity.

(ii) The posting requirements and minimum posting and bidding periods for an Additional Open Season shall be the same as for an Initial Open Season under Section 2.1(b)(1), except that FEP will post any additional items necessary to comply with this Section 2.1(b)(3).

(iii) In the Additional Open Season, FEP may limit the firm capacity available to that defined in the posting and may make such defined firm capacity available only for a specified term or range of terms, which limitation(s) must be included in the posting.

(iv) In the Additional Open Season, bids may be on a Negotiated Rate basis to the extent specified in the posting. FEP may limit the form of Negotiated Rate submitted, in which case that limitation must be reflected in the posting. Bids may always be submitted in the basic rate design then in effect on FEP's System at the applicable maximum rate.

(v) FEP may, but is not required to, establish a reserve price or reserve price matrix in an Additional Open Season, consistent with Section 2.1(c)(5) of these General Terms and Conditions.

(4) SPREADSHEETS

Contemporaneous with posting of an open season, FEP shall make available (subject to reasonable user requirements) electronic spreadsheets setting out the analyses which will be used to determine the winning bid(s), in a format which will allow the user to calculate net present value.

(5) CONDITIONS ON REQUESTS AND BIDS

This subsection sets out conditions applicable to all requests and bids for firm capacity. FEP shall reject any request or bid for service which may detrimentally impact the operational integrity of FEP's System (if FEP rejects a bid or request on this basis, it will provide a written explanation of the operational basis for this action); which does not satisfy all the terms of an applicable posting or tariff provision and/or does not provide all the information required by the posting or tariff provision; which contains terms and conditions other than those in FEP's Tariff and/or any applicable posting; which would not constitute a valid request under the applicable rate schedule (it being understood that a bid in an open season cannot be rejected for incompleteness if all information required by the bid form and applicable posting has been provided); or is in any way inconsistent with FEP's Tariff and/or any applicable posting. Any Shipper wishing to bid in an open season or submit a request for capacity must satisfy the creditworthiness requirements in Section 12 of these General Terms and Conditions prior to submitting a bid or request. A Shipper cannot bid for or request services which exceed its pre-qualified level of creditworthiness. FEP shall process - and encourages - applications from potential bidders or requesters seeking prequalification for bids or requests they may make in the future. Credit applications shall be completed in full with all information required to establish creditworthiness under the credit criteria included in FEP's rate schedule covering the applicable service. Should a potential bidder or requester fail to satisfy such credit criteria, it may still qualify by providing a prepayment, letter of credit, security interest or guarantee satisfactory to FEP as further set forth in Section 12.1(b) of these General Terms and Conditions. Based on FEP's continuing review of a Shipper's financial records, FEP shall have the right to amend a Shipper's line of credit and lower or increase the quantity and term.

(6) ROFR OR ROLLOVER RIGHTS

The capacity allocation procedures of this Section 2.1(b) shall not apply where a Shipper is utilizing with respect to its existing capacity the Right of First Refusal procedures or contractual rollover rights pursuant to Section 16 of these General Terms and Conditions. Instead, the procedures in said Section 16 will govern the award of capacity in such instances.

(7) CAPACITY AWARDED FOR LIMITED PERIOD

This provision applies in situations where firm capacity is awarded for a limited time period ending on a date no later than the date on which such capacity is required to provide service under one or more preexisting FTS Agreements or where firm capacity is operationally available only for a limited time period.

(i) FEP may market such capacity for all or any portion of the limited time period until service under the capacity award becomes effective, or until the capacity is no longer operationally available.

(ii) FEP shall limit the rights of the Shipper awarded the capacity to the limited time period, so that the Shipper has no rollover rights or rights of first refusal which extend beyond the limited time period; provided. FEP will indicate in any open season posting for such capacity the limitation on rights which will apply to such firm capacity awarded for the limited time period.

(c) EVALUATION OF COMPETING BIDS AND REQUESTS

In comparing valid bids received in an open season or in comparing two or more valid and competing pending requests for service under the Request Procedure, FEP will award firm capacity based on the highest economic value, as defined in this Section 2.1(c).

(1) HIGHEST ECONOMIC VALUE

The highest economic value is the highest net present value of the stream of incremental revenue produced in the aggregate by a valid bid or request, or combination of valid bids or requests, received by FEP for firm capacity which is consistent with the reserve price where one has been established; Incremental revenue is the additional revenue FEP would collect from a Shipper under any bid or request over and above the revenue FEP would otherwise have received after taking into account any revenue lost or affected by the bid or request (i.e., where an existing capacity holder submits a bid or request which is contingent upon turnback by that existing capacity holder of an existing capacity commitment, only the value of such a bid or request net of the revenue which would be lost to FEP due to the turnback of the existing contractual commitment will be considered).

(2) ONLY GUARANTEED REVENUE CONSIDERED

In the determination of highest economic value, FEP shall consider only reservation rate revenue and any other guaranteed revenue under bids or requests which meet any applicable reserve price. In the case of a bid or request for firm service involving a Negotiated Rate, the rules for calculating net present value set out in Section 30 of these General Terms and Conditions shall apply.

(3) POSTING OF CRITERIA

FEP shall post the criteria to be used in the determination of highest economic value for comparing valid bids in any open season and for comparing pending requests which are valid and competing. The posting will consist of a net present value formula, together with all relevant factors and parameters. The discount rate to be utilized in the NPV formula shall be the FERC approved interest rate. These criteria shall be posted continuously on the Informational Postings portion of FEP's Interactive Website. FEP may change the criteria at any time in a manner

not inconsistent with the other provisions of this Section 2.1(c), but the revised criteria may only be applied to an open season the posting of which commenced at least one (1) Business Day after the change in criteria has been posted. FEP cannot change the criteria for any on-going open season. The revised criteria shall apply immediately to all requests received after the change has been posted. In addition, the posting for each individual open season will include the following elements: the date to which all bids are discounted in the calculation of net present value; the FERC interest rate utilized; how a Shipper's willingness or unwillingness to prorate will affect its bid; whether a prearranged transaction is involved and, if so, whether there is a right to match; the extent to which advance payments will be considered in evaluating bids; how surcharges will be taken into account; and the procedure to be used in breaking ties.

(4) OBLIGATION TO AWARD CAPACITY

(i) FEP shall be obligated to award firm capacity if the applicable maximum rate is submitted for the entire term of a valid bid in any open season or is requested for the entire term of a valid request under the Request Procedure, up to the firm capacity covered by the maximum rate bid(s) or request(s), without regard to any reserve price. If such a maximum rate bid or request is received, FEP shall be obligated to award the capacity either to the Shipper submitting such a valid bid or request or to a competing bidder or requestor. The capacity award will be based on the posted criteria hereunder for evaluating bids or requests.

(ii) FEP shall be obligated to award firm capacity if the reserve price is met in a valid bid for the capacity being posted for open season, up to the firm capacity covered by the bid(s) meeting the reserve price. The capacity awards will be based on application of the posted criteria.

(iii) Notwithstanding the foregoing, FEP may, but shall not be obligated to, award firm capacity based on the following types of otherwise valid bids or requests: (a) any bid or request for a term of less than one Year, under which service is to commence more than ninety (90) days following close of the open season; and (b) any bid or request for a term which is not continuous from the commencement of service date to the termination of service date reflected in the bid and/or which specifies different Contract and/or Point MDQs for various time periods.

(5) RESERVE PRICE MATRIX

In an Initial Open Season, FEP shall establish a reserve price or reserve price matrix. FEP may, but is not required to, establish a reserve price or reserve price matrix in an Additional Open Season.

(i) A reserve price defines the minimum price(s) at which FEP will award the firm capacity covered by the open season, which price(s) must be equal to or less than the applicable maximum rate(s). FEP is not obligated to award capacity at less than the applicable maximum rate unless a lower rate is set out in the reserve price matrix. In determining whether a reserve price has been met by any bid, FEP will compare the net present value of the

requested prices in the bid with the net present value of the applicable reserve price(s). If the reserve price is met, FEP will award firm capacity to valid bids consistent with the posted bid evaluation criteria and this Section 2.1(c).

(ii) Reserve prices in a reserve price matrix may vary by relevant elements, including but not limited to term, service type, Receipt Points, Delivery Points and markets. Differences in "markets", as that term is used in the prior sentence, shall refer to differences relating to any of the following: (A) defined geographical areas, where the value of FEP's services may vary among such geographical areas due to current or projected differences in competitive alternatives, regulation, or operational, supply or capacity factors; (B) customers, where the value of FEP's services may vary by customer due to current or projected differences in competitive alternatives available to them or their demand characteristics (including access to alternative fuels); (C) contract time periods, where the value of FEP's services may vary due to current or projected differences in competitive alternatives or market demand at or over different contract time periods (for example, winter season versus multi-Year); (D) products and services, where the value of FEP's product and service offerings may vary due to current or projected differences in competitive alternatives or market demand (provided that this is not intended to tie separate services together for bidding purposes); or (E) quantities, where the value of FEP's services may vary due to current or projected differences in competitive alternatives, market demand or other factors related to contract quantity levels. The reserve price matrix in an open season may include multiple terms, from one Month or less to multi-Year, and shall indicate if firm capacity is only available for a limited time due to operational or physical constraints or due to the contractual commitment of such capacity in the future.

(iii) Unless FEP elects to post the reserve price as part of the posting of an open season, FEP shall provide the reserve price or reserve price matrix to an independent third party before the posting of an open season. A bidder in an open season may request the reserve price or reserve price matrix applicable to that open season at any time after the close of the open season and FEP will provide such information to the requesting bidder within one Business Day after FEP receives the request.

(d) POINT CHANGES

Any Shipper with an FTS Agreement may request a permanent change in primary Points at any time. FEP will respond to such a request within two (2) Business Days. FEP shall grant such a request if firm transportation and point capacity is available to do so; provided that the parties can mutually agree on the rate unless the applicable FTS Agreement or related discount or Negotiated Rate agreement specifies the rate when there is such a permanent primary point change. Unless otherwise specifically agreed, if the Point change results in a shortened path which would reduce the applicable rate, the reservation rate applicable to the longer path shall apply for the remaining term of the Agreement, but the commodity rate applicable to the shortened path shall apply so long as the shortened path is in effect under the Agreement; provided, however, the Fuel Gas for the path utilized shall apply. Any such permanent point change shall be reflected in an amendment to the FTS Agreement.

2.2 REDUCTIONS IN FIRM SERVICES

(a) While firm services are not ordinarily interrupted due to lack of capacity, capacity constraints may exist from time to time or interruption of service may be necessary for certain other reasons. FEP may decline to schedule and/or may curtail firm service for any of the following reasons:

(1) If Shipper tenders Gas which does not conform to the applicable quality requirements under Section 19 of these General Terms and Conditions;

(2) For reasons of Force Majeure;

(3) Pursuant to Sections 2.7 or 2.8 of these General Terms and Conditions;

(4) To rectify imbalances, to conform physical flows to nominations or to effectuate payback of imbalances, to the extent consistent with the specific Rate Schedule;

(5) If there is a dispute over title, ownership or right to tender or to receive Gas.

(b) Without limitation to the foregoing, unless otherwise agreed by contract, FEP shall have the right to reduce receipts or deliveries of Gas on any Day below Shipper's Contract MDQ and/or Point MDQ to permit maintenance, repair, overhaul, replacement, or construction of pipelines, compressors, metering, regulating, or other transmission facilities and equipment, or to maintain System integrity; provided, however, that with respect to routine repair and maintenance, FEP will attempt to schedule such activity during a period when it will not result in curtailment to firm services, or when such curtailment will be minimized, after consulting with the Shippers which could be affected.

(c) No later than fifteen (15) days prior to the scheduled activity, FEP will post on the Informational Postings portion of its Interactive Website a tentative schedule of planned maintenance, construction, test, rehabilitation or repair activities to be performed which FEP anticipates may cause it to fail to tender delivery of Shipper's scheduled quantities of Gas. The schedule will include the dates the activities are scheduled to begin and end as well as the portions of the System and capacity expected to be affected. FEP will endeavor to perform the activities in accordance with the posted schedule.

(d) (1) As used in this subsection (d), Firm Daily Volume shall mean the volume of Gas which FEP is obligated to deliver on a firm basis for Shipper at primary Delivery Point(s) under a firm contract on a Day, based on nominations for firm service within firm contract rights at such primary points which could be confirmed. Except as provided in subsection (d)(2), in the event FEP fails to deliver on any Day under any firm contract all of Shipper's Firm Daily Volume for that Day, then the applicable Reservation Charges and any related reservation-based

surcharges shall be eliminated for the quantity of Gas not delivered by FEP within the Shipper's Firm Daily Volume under the contract; provided, however, that these charges shall not be eliminated to the extent that the Shipper uses secondary point service.

(2) FEP shall not be obligated to adjust the Reservation Charge and any related reservation-based surcharges under any contract when FEP's failure to deliver on any Day at least 98% of the Firm Daily Volume:

(i) is the result of the conduct of Shipper or the downstream operator of the facilities at the Delivery Point; or

(ii) occurs either (a) within ten (10) days following a force majeure event as contemplated by Section 20 of the General Terms and Conditions, or (b) prior to the date FEP has or should have, in the exercise of due diligence, overcome the force Majeure event, whichever occur first.

2.3 SCHEDULING OF SERVICES

(a) For the purposes of scheduling and curtailing deliveries of Gas, firm service shall have priority over interruptible service. Priority to use of capacity on FEP shall be in accordance with the following priority, in descending order from highest to lowest priority:

(1) Firm service at primary points and primary paths (scheduled pro rata based on Contract MDQ);

(2) Firm service at secondary points (scheduled pro rata based on nominations) within the primary path;

(3) Firm service at secondary points (scheduled pro rata based on nominations) outside the primary path;

(4) Interruptible service within Contract MDQ and Authorized Overrun service under both firm and interruptible rate schedules (allocation of service pursuant to Section 2.5 of these General Terms and Conditions).

(b) In applying steps (2) and (3) under subsection (a), scheduling of Receipt and Delivery points will be pro rated based on nominations; points within the primary path are scheduled before points outside the primary path;

(c) For Shippers under Rate Schedule FTS, FEP shall provide notice of any curtailment or of any scheduling restriction as far in advance as feasible. FEP shall attempt to provide at least two (2) Days' prior notice, unless more timely action is necessary to respond to a Force Majeure situation, to balance the Agreement to the extent consistent with the applicable Rate

Schedule, or to maintain System integrity. In addition to notifying the Shippers affected, FEP will post anticipated and effective curtailment and scheduling restrictions on the Informational Posting section of its Interactive Website.

(d) Released capacity has the same priority as non-released capacity;

(e) Firm intraday nominations are entitled to bump scheduled interruptible quantities only during the Evening, Intraday 1, and Intraday 2 Nomination Cycles, as defined in Section 6.2. Firm intraday nominations are not entitled to bump already scheduled firm quantities.

2.4 SECONDARY POINTS

(a) Subject to the priorities set out in Section 2.3 of the General Terms and Conditions, Shippers under Rate Schedule FTS shall have the right to use all Receipt and Delivery Points on FEP's System as secondary Receipt and Delivery Points. Such points may be scheduled, however, only to the extent transmission and point capacity is available. The priority of service at secondary points under Rate Schedule FTS shall be governed by Section 2.3 above. The Points available are posted on FEP's Interactive Website.

(b) If nominations by all Shippers for secondary point service for which such Shippers are eligible exceed FEP's available capacity on the applicable path, available capacity shall be allocated and scheduled pro rata based on a Shipper's confirmed nominations within Contract MDQ within the applicable priority category as defined in Section 2.3 of these General Terms and Conditions.

(c) The primary Receipt and Delivery Points define the primary path(s) of an FTS Agreement, including the direction of "forward" flow for the primary path(s), and define whether a secondary point is "in path" or "out of path." Shippers may nominate service at secondary points so that the direction of flow is the same as or the opposite from the primary path direction of flow, but if the direction of flow is opposite the primary path, such nomination shall be treated as being outside the primary path.

(d) Shippers under Rate Schedule ITS have access to all Points on FEP's System to the extent provided in Section 2.5(d) of these General Terms and Conditions. Shippers under Rate Schedule PALS has access to all Points on FEP's System, but the Points actually utilized for any specific service will be specified in the Request Order for Rate Schedule PALS. Shippers under Rate Schedule HAT have access to all Points in the Hub Area to the extent provided in Section 2.5(e) of these General Terms and Conditions.

2.5 INTERRUPTIBLE RATE SCHEDULES

This Section 2.5 governs the priority of interruptible services under Rate Schedules ITS, PALS and HAT on FEP's System.

(a) Service under Rate Schedules ITS, PALS and HAT shall be provided to the extent capacity is available, if any, after scheduling all of FEP's firm transportation service at primary and/or secondary points. FEP may decline to schedule and/or may curtail interruptible service under Rate Schedules ITS, PALS and HAT for any of the following reasons:

(1) If Shipper tenders Gas which does not conform to the applicable pressure or quality requirements of these General Terms and Conditions;

(2) For reason of Force Majeure;

(3) Due to routine repair and maintenance to be reasonably determined by FEP;

(4) Pursuant to Section 2.8 of these General Terms and Conditions;

(5) To rectify imbalances or to conform physical flows to nominations to the extent consistent with the specific Rate Schedule;

(6) To maintain System integrity;

(b) (1) To the extent there is insufficient capacity available to schedule all properly nominated and confirmed services under Rate Schedules ITS, PALS, HAT and FTS Authorized Overrun service, FEP shall schedule such service based on the rate to be paid, from highest to lowest unit rate, with service for which the highest unit rate being paid is scheduled first. Any Shipper paying the maximum rate applicable to its service (or revenue equal to or greater than the applicable maximum rate pursuant to a Negotiated Rate) shall be afforded highest priority even if a Shipper which has agreed to a Negotiated Rate is paying a higher unit rate. In the event there is insufficient capacity to schedule all Rate Schedules ITS, PALS, HAT and FTS Authorized Overrun services for which the same rate is to be paid, FEP shall allocate the available capacity pro rata based on the confirmed nominated quantity.

(2) In interrupting or curtailing service under Rate Schedules ITS, PALS, HAT and FTS Authorized Overrun services due to lack of capacity, FEP shall (except as otherwise provided in subsection (c) below) interrupt such service based on the rate being paid, from lowest to highest unit rate, with service for which the lowest unit rate being paid is interrupted first. Any Shipper paying the maximum rate applicable to its service (or revenue equal to or greater than the applicable maximum rate pursuant to a Negotiated Rate) shall be afforded highest priority even if a Shipper which has agreed to a Negotiated Rate is paying a higher unit rate. In the event there is insufficient capacity to continue all Rate Schedule ITS, PALS and HAT service for which the same rate is being paid, FEP shall allocate the available capacity pro rata based on the confirmed nomination quantity.

(c) This subsection discusses Rate Schedule PALS curtailment rules for Rate Schedule PALS:

(1) Service under Rate Schedule PALS shall not be scheduled if doing so would have an adverse effect on any firm service. Service under Rate Schedule PALS shall be scheduled and curtailed based on FEP's System operational capability. Service hereunder shall be interrupted and curtailed if continuation of such service would be detrimental to FEP's ability to provide any firm service. While service hereunder is not ordinarily expected to affect transportation capacity, if providing service hereunder would have an adverse effect on providing interruptible transportation service, a PALS Agreement shall for scheduling and allocation purposes be assigned the same priority as service under Rate Schedule ITS. The same priority shall be applied for scheduling and allocation in relation to service under Rate Schedule PALS or other PALS Agreements. Once a park or loan has been scheduled on any Day under Rate Schedule PALS, that park or loan shall not be interrupted or curtailed to effectuate any other interruptible service.

(d) An Agreement under Rate Schedule ITS will include all Receipt and all Delivery Points. Applicable maximum rates are specified in this Tariff.

(e) An Agreement under Rate Schedule HAT will include all Receipt and all Delivery Points in the Hub Area. Applicable maximum rates are specified in this Tariff.

2.6 UNAUTHORIZED OVERRUN GAS

No Shipper shall have any right to take Unauthorized Overrun Gas at any Point. Unauthorized Overrun Gas is subject to the charges set out in Section 9.2 of these General Terms and Conditions. To the extent FEP is unable to accept Unauthorized Overrun Gas without jeopardizing the safety of FEP's operations and/or its ability to meet its contractual obligations to other Shippers, such decisions to be solely within the judgment and discretion of FEP, FEP shall have the right to limit deliveries at the Point, curtail receipts of Gas at Receipt Points and/or to vent, without incurring any liability to Shipper, or any third party, such Unauthorized Overrun Gas as it is unable to accept and/or transport or take such other action as is necessary to manage the System. However, FEP shall use its best efforts to avoid or minimize such venting. If feasible, FEP will give prior notice to a Shipper before venting its Gas, but is not required to do so if operational considerations necessitate immediate venting. Quantities at Delivery Points which can be accommodated under an OBA shall not be considered Unauthorized Overrun Gas.

In light of Shipper's obligations to remain in balance under Section 10 of these General Terms and Conditions, to the extent that Receipt Point or Delivery Point imbalances are not accommodated under an OBA, an Unauthorized Overrun Gas Charge set out herein shall apply to all quantities tendered by or on behalf of Shipper or taken by or on behalf of Shipper at any Points in excess of confirmed nominations, under any Agreement ("Unauthorized Overrun").

2.7 OTHER FACTORS

FEP's service obligation hereunder shall be subject to Shipper providing nominations under Section 6 of these General Terms and Conditions, to the confirmation of nominations by upstream and downstream entities and to the circumstances identified in Section 2.2(d)(2) of these General Terms and Conditions.

2.8 DELINQUENCY IN PAYMENT

(a) Irrespective of any otherwise applicable priority, FEP may suspend service to any Shipper which is delinquent in payments under any Agreement, subject to the following conditions:

(1) FEP shall give Shipper written notice of the delinquency and of FEP's intent to suspend service if the deficiency is not cured. If the delinquency is not remedied within ten (10) days of such notice, FEP may suspend service. FEP shall simultaneously provide written notice to the Commission of any such suspension.

(2) If a Shipper which has been deficient in payment hereunder is again deficient in payment within six (6) Months after the prior deficiency, then FEP may suspend service to such Shipper within five (5) Business Days after providing notice hereunder unless Shipper remedies the deficiency within that time period.

(3) A Shipper shall not be obligated to pay any reservation charges for suspended service attributable to the period when that service is suspended.

(b) In addition to suspension, FEP may terminate service if the Shipper fails to remedy a delinquency in payment. Any such termination requires thirty (30) days' prior notice to Shipper and to the Commission. To avoid termination, the Shipper must remedy the deficiency within this notice period. Such notice may be given simultaneously with the initial notice under Section 2.8(a)(1) of these General Terms and Conditions.

(c) In the event of a good faith billing dispute, withholding of payment for the amount in dispute by Shipper shall not be considered a delinquency in payment, consistent with Section 11 of these General Terms and Conditions, and will not result in suspension or termination of service.

(d) FEP may not take any action under this Section 2.8 which conflicts with any order of the U.S. Bankruptcy Court.

5. NEW FACILITIES CHARGE

5.1 With respect to new or expanded interconnection facilities only, when such new and/or expanded facilities are required to accommodate receipt and/or delivery of Gas under a request for new or revised service, and FEP determines that installation of such facilities will not impair service to any existing Shipper or threaten the integrity of FEP's System, FEP will construct such facilities but, unless otherwise provided by contract, FEP shall require the requesting Shipper to pay the CIAC as defined in Section 1 of these General Terms and Conditions, except that FEP will pay the cost of such facilities when the criteria set forth in Section 5.2 are satisfied.

5.2 Notwithstanding Section 5.1, FEP may, but is not obligated to, pay all or a portion of the cost of new or expanded interconnection facilities; provided, however, that any agreement by FEP to bear such costs must be on a basis which is not unduly discriminatory.

5.3 Unless otherwise provided by contract, when FEP has previously paid for Receipt or Delivery Point facilities under this facilities reimbursement policy, the requesting Shipper shall, nevertheless, promptly pay FEP for FEP's net book value of such facilities when either of the following events occurs: (a) when FEP's ability to fully recover such costs is denied in any rate proceeding under Section 4 or Section 5 of the Natural Gas Act; or (b) when Shipper ceases operations at the facilities.

5.4 "Contribution in Aid of Construction" or "CIAC" shall, unless otherwise mutually agreed, mean the payment made to FEP for the installation of new or expanded facilities at interconnection points for the receipt by FEP or the delivery by FEP of Gas on behalf of Shipper. Unless otherwise agreed, the CIAC shall include all construction costs, including any filing fee (Investment Costs), on a mutually agreed payment schedule. In addition, if applicable, Shipper shall provide a reimbursement amount to compensate for income tax effects associated with the CIAC.

9. OVERRUN AND UNAUTHORIZED OVERRUN GAS CHARGES AND PENALTY REVENUE

9.1 AUTHORIZED OVERRUN CHARGES

If deliveries to a Shipper exceed its Contract and/or Point MDQ under an Agreement but represent quantities properly nominated and confirmed, an Authorized Overrun Charge shall apply; provided, however, that in no event shall an Authorized Overrun Charge apply for any such quantities in excess of Shipper's Point MDQ at a specific point which were properly nominated and confirmed (i) on a secondary firm basis, or (ii) on a primary firm basis consistent with Shipper's Primary Delivery Point rights under Section 2.3(b) of Rate Schedule FTS. The applicable maximum Authorized Overrun Charge for transportation under Rate Schedule FTS shall be a maximum Authorized Overrun Rate determined as the 100% load factor derivative of the maximum reservation and commodity rates. The applicable maximum Authorized Overrun Rate under Rate Schedule ITS, PALS or HAT shall equal the maximum rate for Rate Schedule ITS, PALS or HAT (separate rates are set out in this Tariff). The maximum Authorized Overrun Charge under Rate Schedule ITS, PALS or HAT shall equal the maximum Authorized Overrun Rate multiplied by the number of Dth of the Authorized Overrun Gas. Such Authorized Overrun Rates may be discounted on a non-discriminatory basis to any level between the minimum and the maximum Authorized Overrun Rate or may be determined pursuant to a Negotiated Rate agreement.

9.2 UNAUTHORIZED OVERRUN GAS CHARGES

If an Unauthorized Overrun Gas Charge applies, the Shipper shall pay FEP an Unauthorized Overrun Gas Charge equal to the quantity of the Gas the Shipper delivered in excess of confirmed nominations multiplied by the Unauthorized Overrun Gas Charge. The maximum Unauthorized Overrun Gas Charge is 2 times the maximum Rate Schedule ITS Commodity Charge; provided, however, that the Unauthorized Overrun Gas Charge may be discounted to any level between the minimum and this maximum rate or may be determined pursuant to a Negotiated Rate agreement. Swings accommodated under an OBA shall not be subject to a charge under this provision.

9.3 PENALTY REVENUE

All amounts collected by FEP for penalties shall be determined for each annual period ending December 31 and distributed, through a credit to current billings wherever feasible, within ninety (90) days after each December 31. For purposes of this subsection, penalties shall include Balancing Service Charges and charges for failure to comply with an Operational Flow Order (including during a Critical Time). Such distribution shall be made as follows:

(a) These amounts shall be used first to compensate FEP for any cash out expenses and for any extraordinary out-of-pocket costs it has incurred (including any compensation FEP agreed to provide for voluntary actions) to alleviate the conditions created by the violation or

which resulted in the issuance of an Operational Flow Order or the declaration of Critical Time or other operational action taken by FEP under Section 31 of these General Terms and Conditions. Costs that may be netted against penalty revenue may include only actual, verifiable and prudent incremental costs incurred to resolve the reliability concerns actually caused by the particular party or parties against which the penalty has been assessed and must relate to a circumstance which resulted in the penalty revenue to be credited under this provision. If these amounts are not adequate to reimburse FEP for its expenses, such unreimbursed expenses shall be carried forward to future annual periods until recouped.

(b) (1) Any remaining amounts will be refunded pro rata to all Shippers, except as provided below, through a credit to current billing wherever feasible, based on each Shipper's total of the Contract MDQs under FTS Agreements, plus nominated and confirmed (scheduled) quantities under Rate Schedules ITS and HAT, and the quantity of gas parked or loaned each month under each PALS Agreement; provided, however, that such calculation shall exclude quantities for any Shipper during any Month in which such Shipper failed to comply with an Operational Flow Order. In the event that for any Month, no penalty revenues are distributed because all Shippers failed to comply with Operational Flow Orders that Month, then the amount of penalty revenue for that Month may be held by FEP for application under Section 9.3(a) for a period of up to two (2) years, at which time that amount will be included in the amounts for distribution in the then current annual period to the extent not offset by costs under Section 9.3(a). The refunds in the prior sentence shall be calculated on a Monthly basis but distribution of the credit shall be annual. If the costs to be netted against penalty revenue exceed the penalty revenue in any Month, the excess costs may be carried forward to be applied against penalty revenue in subsequent Months. Thus, while distribution is made annually, the net penalty revenue credit shall be calculated on a Monthly basis, subject to the carry forward of costs as stated in the prior sentence. A Shipper which incurred Unauthorized Overrun Gas Charges or which failed to comply with an Operational Flow Order shall be excluded from distribution of net penalty revenues only for the Month in which that violation occurred.

(2) Where capacity has been released, any amounts distributed to the Original Shipper and the calculation and amounts distributed to the Original Shipper shall be based on the Contract MDQ and flowing quantities of Gas for that Shipper (without considering any contracts of Replacement Shippers) during the relevant annual period; provided, however, that in the case of a permanent release, any amounts distributed hereunder with respect to the released capacity shall be distributed to the Replacement Shipper and the calculation and the amounts distributed to the Replacement Shipper shall be based on the Contract MDQ and flowing quantity for that Replacement Shipper during the relevant annual period. FEP shall file with the Commission a refund report for each annual distribution of penalty revenue under this subsection.

14. CAPACITY RELEASE BY FIRM SHIPPERS

In this Section 14, Releasing Shipper shall mean a Shipper who releases or is seeking to release all or any part of its firm transportation capacity to a third party.

Replacement Shipper shall mean a third party who receives either temporarily or permanently released capacity, as defined below, from the Releasing Shipper under the Capacity Release Program.

For index-based capacity release, Rate Floor shall mean the lowest rate specified in the capacity release offer in dollars and cents that is acceptable to the Releasing Shipper. The Rate Floor may not be less than FEP's minimum reservation charge or zero cents when there is no stated minimum reservation charge.

For index-based capacity release, Rate Default shall mean the non-biddable rate specified in the capacity release Offer to be used for invoicing purposes when the result of the index-based formula is unavailable or cannot be computed. If a Rate Default is not otherwise specified, the Rate Floor shall serve as the Rate Default.

14.1 INTRODUCTION

Permanent Release: Under the Rate Schedule FTS, Releasing Shipper will have the ability to permanently release its capacity, or any portion thereof. FEP is not required to but may choose to accept a bid at less than the rate provided for in Releasing Shipper's Service Agreement provided that (i) Releasing Shipper remits as an exit fee, a lump sum payment for the positive difference between the rate provided for in the Releasing Shipper's Service Agreement and the bid rate for the full term of the capacity release, or agrees to remain liable for any positive difference between the Releasing Shipper's contract rate and the bid rate for the full term of the capacity release, and (ii) when the Releasing Shipper's contract is at maximum tariff rates, FEP and Replacement Shipper reach agreement on a mechanism permitting the periodic adjustment to the bid rate to reflect subsequent rate adjustments filed for and approved by the FERC. Upon such permanent release, except as provided for herein for releases at less than the Releasing Shipper's contract rates, Releasing Shipper is relieved of its obligation to FEP for payment of reservation charges and any surcharges to the reservation charge.

Temporary Release: Under the Rate Schedule FTS, Releasing Shipper will have the ability to temporarily release its capacity, or any portion thereof, for a term designated by Releasing Shipper not to exceed the term of its underlying Service Agreement. Upon such release, Releasing Shipper remains responsible to FEP only for payment of reservation charges and any surcharges to the reservation charge, in compliance with the underlying Service Agreement.

Releasing Shipper has the right to tender its capacity to FEP to be released to potential Replacement Shippers. The release of capacity is a permanent or temporary release of capacity from specified Receipt Point(s) to specified Delivery Point(s), for a designated term and rate.

14.2 EVALUATION METHODS

All capacity available for release shall be allocated to the Replacement Shipper(s) based upon one of the following methods, as determined by Releasing Shipper:

- (a) Highest rate;
 - (b) Highest net revenue;
 - (c) Highest present value calculated in accordance with Section 2.1(c) herein;
- and
- (d) Shipper designated method.

For index-based capacity release, the Releasing Shipper shall provide the necessary information and instructions to be used for the evaluation.

14.3 OFFER TO RELEASE CAPACITY

(a) During any period in which the Releasing Shipper wishes to release its firm capacity, the following information relating to the availability of such capacity shall be posted on FEP's Interactive Website:

- (1) MAXDTQ available per day, in dekatherms, and the total release period quantity;
- (2) Term;
- (3) Receipt and Delivery Point(s), and any restrictions which will be placed on the modifications of primary Receipt and primary Delivery Points;
- (4) Rates;
- (5) Whether and to what extent the capacity (under a temporary release) will be subject to recall, and the terms and conditions applicable to such right to recall or reput;
- (6) The method under which capacity is to be allocated;
- (7) The party to contact;
- (8) The method by which ties will be broken;

(9) If minimum conditions are to be disclosed during the open season, any minimum conditions concerning the rate, term, or volume that the Releasing Shipper is willing to accept, including whether a volumetric rate will be accepted and, if so, the method for evaluating such bid;

(10) Whether the Releasing Shipper is willing to accept contingent bids and when the contingency must be removed;

(11) The date when bids and executed Service Agreements must be submitted;

(12) Whether the release is permanent or temporary;

(13) Whether the release is a re-release;

(14) For Pre-Arranged releases, whether the release is to an asset manager or a marketer participating in a state-regulated retail access program, as defined by FERC regulations at 18 C.F.R. 248.8;

(15) For index-based capacity release, the Rate Floor; and

(16) Other special terms or conditions, if any.

(b) Any Releasing Shipper offering capacity for Capacity Release will, by electronically posting capacity or by having FEP electronically post capacity, automatically enter into an amendment to Shipper's underlying contract, subject to procedures set out in Rate Schedule FTS. Such amendment shall take effect only upon the confirmation of a prearranged deal or upon the award of such capacity.

(c) The information set forth in the offer to release capacity shall be posted on FEP's Interactive Website by the Releasing Shipper, or by FEP if requested by Releasing Shipper. FEP shall only post completed offers to release capacity. Such information shall be posted in accordance with the minimum time periods set forth in Section 14.4. With respect to offers to be posted by FEP, FEP shall post any such offer upon receipt, unless the Releasing Shipper requests otherwise. The Releasing Shipper may request a posting time consistent with the time lines set forth in Section 14.4. A Releasing Shipper shall separately provide to FEP any minimum conditions that are not to be disclosed in the offer to release capacity.

(d) FEP shall post on its Interactive Website the following information in the offer to release capacity:

(1) The maximum reservation rate (including reservation surcharges) specifically applicable to the Shipper's capacity being released,

(2) The date and time by which bids must be submitted under the applicable allocation method,

(3) The date and time the notice is posted on the Interactive Website, and

(4) Latest date and time capacity will be awarded in accordance with the time lines set forth in this Section 14.

(e) Withdrawal of offer to release capacity: The Releasing Shipper may withdraw or cause FEP to withdraw the offer to release capacity up to the close of the applicable bid submittal period; provided, however, withdrawal will be allowed only if the Releasing Shipper has an unanticipated requirement for the capacity and no minimum bid has been made. An offer to release capacity is binding until notice of withdrawal is received by FEP on its Customer Activities Web site.

(f) Releasing Shippers may, to the extent permitted as a condition of the capacity release, recall released capacity. The Releasing Shipper shall submit the Releasing Shipper's recall or reput notices to FEP using FEP's Interactive Website in accordance with the deadlines and procedures established in the NAESB Standards. Notification by FEP to all affected Replacement Shippers for each recall that is processed shall be through direct notice using Internet E-mail or direct notification to Shipper's Internet URL address. Shipper is responsible for providing current addresses to FEP. Failure of Shipper to maintain current addresses on file with FEP will relieve FEP of this obligation. FEP has the right to rely on a Releasing Shipper's notice and a Releasing Shipper shall defend and indemnify FEP against any claims, losses, liabilities, or expense (including reasonable attorneys' fees) resulting from claims by any Replacement Shipper that released capacity was not recalled in accordance with the recall rights specified in the Releasing Shipper's offer.

14.4 MINIMUM TIME PERIODS FOR BIDDABLE RELEASED CAPACITY

The following are the minimum time periods for biddable released capacity based on the term for which that capacity is released. The offers may be posted for any longer periods of time.

(a) For biddable releases (1 year or less):

(1) Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.

(2) Open season ends at 10:00 a.m. on the same or a subsequent Business Day.

(3) Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.

(4) If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.

(5) Where match is required, the match is communicated by 11:00 a.m. the match response occurs by 11:30 a.m., and the award is posted by 12:00 Noon.

(6) The contract is issued within one hour of the award posting (with a new contract number, when applicable).

(7) Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

(b) For biddable releases (more than 1 year):

(1) Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.

(2) Open season shall include no less than three 9:00 a.m. to 10:00 a.m. time periods on consecutive Business Days.

(3) Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.

(4) If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.

(5) Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 Noon.

(6) The contract is issued within one hour of the award posting (with a new contract number, when applicable).

(7) Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

14.5 OPEN BIDS/WITHDRAWAL OF BIDS

(a) Open Bids - The bidding process shall be open;

(1) During the open season and bid submittal periods, all valid bids will be posted listing all pertinent terms and conditions of the valid bids without posting bidders' names;

(2) A bidder may not have more than one bid submitted for a given package of released capacity at the same time, except that it may withdraw a bid as specified below; and

(3) There will be no extensions of the original bid period or the pre-arranged deal match period.

(b) Withdrawal of Bids:

(1) A bidder may withdraw a bid for the released capacity up to the close of the open season or bid submittal period;

(2) Once a bidder has withdrawn its bid, the bidder may only submit a new bid for that released capacity at a higher rate;

(3) Bids are binding until notice of withdrawal is received by FEP on its Customer Activities Web site.

(c) Valid Bids:

In order to be valid, a Bid must include a completed bid form and an executed firm transportation Service Agreement (including electronically executed) which conforms with and adheres to the method specified in the Offer to release capacity and is submitted within the required time period for such offer to release capacity. A valid Bid may contain FEP's maximum reservation rate as an alternative to Releasing Shipper's capacity release Offer, except when the capacity release is index-based for a term of one year or less or utilizes market-based rates. Invalid bids will be rejected.

Any Pre-Arranged Shipper acquiring capacity through capacity release which confirms a prearranged deal and any Replacement Shipper which submits a bid for posted capacity will, by confirmation or entering a bid, respectively, automatically enter into a service agreement for the service set out in the posting of the prearranged deal or in the bid, respectively, effective upon the respective confirmation or award of such capacity.

(d) Bid Evaluation:

FEP will evaluate and rank all bids in all situations in accordance with the evaluation methodology specified by the Releasing Shipper in the offer to release capacity. Such timely bid, if determined to be valid, should be evaluated by FEP for the purpose of identifying the winning bidder associated with the offer upon which the bid was made. The evaluation period will end in accordance with Section 14.4.

(e) Award Posting:

(1) FEP will communicate the award of released capacity and will issue the contract in accordance with Section 14.4; provided however, in the event of a non-biddable pre-arranged deal, then FEP will post the award of released capacity; and

(2) FEP shall post the award regarding each deal on its Internet Website for a period of seven (7) days. Irrespective of when the notice of completed deal is posted, service shall commence once capacity has been awarded and a Service Agreement has been executed by both parties;

14.6 PROCEDURE FOR A PRE-ARRANGED DEAL

When capacity is released under a pre-arranged deal, the posting and bidding procedure set forth in this Section shall apply and the terms of such deal shall be posted on FEP's Interactive Website as soon as possible, but not later than the first nomination, after the release transaction commences. In addition, FEP will provide a copy of the pre-arranged deal to any requesting party within one business day.

(a) Procedures for Pre-Arranged Deals Not Subject to Bid

There shall be no posting and bidding procedures for the following non-biddable pre-arranged deals: (1) releases to an asset manager, as defined by FERC regulations at 18 C.F.R. 284.8, (2) releases to a marketer participating in a state-regulated retail access program as defined by FERC regulations at 18 C.F.R. 284.8, (3) releases for more than one year at the maximum rate, or (4) releases with terms of thirty-one (31) days or less, unless Releasing Shipper provides otherwise.

The posting of prearranged deals that are not subject to bid are due no later than one hour prior to the nomination deadline for the applicable cycle, pursuant to NAESB WGQ Standard No. 1.3.2. The posting deadlines are:

- | | |
|--------------------|------------|
| • Timely Cycle | 12:00 Noon |
| • Evening Cycle | 5:00 p.m. |
| • Intraday 1 Cycle | 9:00 a.m. |
| • Intraday 2 Cycle | 1:30 p.m. |
| • Intraday 3 Cycle | 6:00 p.m. |

The contract is issued within one hour of the award posting (with a new contract number, when applicable).

Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

(b) Procedures For Bidding on a Pre-Arranged Deal

(1) Third Party Bid: Any third party may submit a bid for the released capacity by offering a better bid than the posted bid for said capacity, with rates not to exceed the maximum rate which may be collected by FEP.

(2) Third Party Obligation: Any third party bid shall be identical to the pre-arranged deal, excluding those terms which are subject to bidding as set forth in the offer to release capacity.

(3) Bid Evaluation: Subject to the Pre-Arranged Shipper's posting and bidding procedure, capacity shall be allocated to such third party (or parties, if the winning bids are for portions of the total capacity available) submitting the best bid, as determined by FEP, based upon the Releasing Shipper's criteria. In the event two or more third parties submit equivalent best bids, as determined by FEP, based upon the Releasing Shipper's criteria and such bids are for more than the total available capacity, the capacity shall be allocated by means of any non-discriminatory, objective standard designated by Releasing Shipper, and included in the offer to release capacity (or, if no designation, then by means of a pro rata allocation).

(4) Pre-Arranged Shipper posting and bidding procedure: In the event a third party(ies) submits a better bid than the Pre-Arranged Shipper, FEP shall communicate, in accordance with Section 14.4, to the Pre-Arranged Shipper, that a third party(ies) has submitted a better bid. The Pre-Arranged Shipper shall have the right to match said offer during the minimum time period set forth in Section 14.4.

(5) If the Pre-Arranged Shipper chooses to match the better bid, then FEP shall allocate said capacity to the Pre-Arranged Shipper. In the event the Pre-Arranged Shipper declines to match the better bid, the Pre-Arranged Shipper shall have no further right to said capacity, and FEP shall assign said capacity to the successful bidding third party(ies).

14.7 ADDITIONAL PROVISIONS

(a) Direct Postings: If a Releasing Shipper/bidder directly posts an offer to release capacity/bid on FEP's Interactive Website, such offer/bid shall be subject to certain corrections by FEP for errors discovered upon FEP's review of such offer/bid. FEP shall have the right to amend any offer/bid found to be incorrect after FEP verifies such offer/bid within twenty-four (24) hours of the posting of such offer/bid. FEP shall notify Releasing Shipper/bidder prior to amending any such offer/bid.

(b) Service Agreement Amendments: No amendments may be made to the Service Agreement except that: 1) a Replacement Shipper, to the extent not restricted under the terms of its Service Agreement, shall have the same right to change primary Receipt and Delivery Point(s) as any other FTS Shipper; and 2) upon mutual agreement of the Releasing Shipper and the Replacement Shipper, the Service Agreement will be terminated by FEP.

(c) **Marketing of Released Capacity:** FEP shall have no obligation to market any capacity available to be released by Releasing Shipper; however, FEP may agree to market capacity for Releasing Shipper and may negotiate a fee with the Releasing Shipper for such service ("Marketing Fee").

(d) **Billing:** For any releases of capacity (primary, secondary, or subsequent), FEP shall directly bill the Replacement Shipper the negotiated rate for the released capacity, as well as any applicable usage charges and penalties which may be assessed on such transaction. The Replacement Shipper shall pay such amounts directly to FEP in accordance with the requirements of the Rate Schedule FTS and FEP shall apply such amounts first to the reservation charge(s) due for transportation service and then to any reservation surcharges(s) (if applicable), including late charges related solely to such reservation charge(s), then to any penalty due, then to commodity charges, and finally to late charges not related to any reservation charge(s) due. The Releasing Shipper will be billed for and shall pay to FEP any negotiated Marketing Fee plus the difference between the FEP's applicable rates under the Releasing Shipper's Service Agreement and the negotiated rates billed to the Replacement Shipper, subject to Section 14.8(f). In the event that the Replacement Shipper's as-billed rate exceeds the Releasing Shipper's applicable rate, the difference shall, at the Releasing Shipper's discretion, either be credited by FEP to the Releasing Shipper's account with FEP, or be refunded. Any amounts credited shall be limited to reservation charge revenues received from the Replacement Shipper pursuant to the Replacement Shipper's Service Agreement with FEP. If a refund is elected by the Releasing Shipper, FEP shall make such refund by wire transfer within ten days of its receipt of final payment from the Replacement Shipper, together with interest computed at the maximum allowable interest rate permitted under the Commission's Regulations.

(e) **Termination for Non-payment:** Should Replacement Shipper not make full payment of all amounts billed to it by FEP within ten (10) days of the date of any invoice, FEP shall notify the Replacement Shipper in writing, with a courtesy copy to Releasing Shipper, advising that if default continues for a thirty day period from such invoice date, the Service Agreement may be terminated; provided however, Replacement Shipper may avoid termination by providing FEP with good and sufficient indemnity bond. If Replacement Shipper fails to cure or remedy non-payment within such thirty (30) day period, the Service Agreement between FEP and the Replacement Shipper may be terminated at the discretion of FEP or Releasing Shipper, and Releasing Shipper shall immediately be able to again release such capacity under these procedures.

14.8 GENERAL TERMS AND CONDITIONS

(a) All released capacity will have priority over FEP's interruptible service;

(b) **Secondary Points:** Secondary Receipt Points and Secondary Delivery Points may be utilized by a Replacement Shipper, subject to available capacity;

(c) **Rates:** Releasing Shipper cannot release capacity for an effective price less than FEP's minimum rates nor more than FEP's just and reasonable maximum rates, as set forth in FEP's current FERC Gas Tariff. The maximum rate that may be charged for capacity released is the

maximum firm rate which may be charged by FEP for such transportation, plus Fuel Gas, Lost and Unaccounted For Gas, Booster Compression Fuel, and all applicable surcharges. If the Releasing Shipper is paying a Negotiated Rate pursuant to Section 30 of these General Terms and Conditions, a Qualified Bidder may not bid a rate which exceeds the higher of such rate or the applicable Recourse Rate. Except that no maximum rate limitation applies to a release of capacity for a period of one year or less if the release is to take effect on or before one year from the date on which Transporter is notified of the release.

Releasing Shipper should specify which one of the following methods is acceptable for bidding on a given capacity release offer: (1) non-index-based release - dollars and cents; (2) non-index-based release - percentage of maximum rate; or (3) index-based formula as detailed in the capacity release offer.

The bids for the given capacity release offer should adhere to the method specified by the Releasing Shipper. Maximum and minimum rates specified by the Releasing Shipper must include the Reservation Charge and all reservation surcharges.

(d) Secondary/Subsequent Releases: Replacement Shipper, and any third parties receiving capacity rights from any Replacement Shipper, will be authorized or permitted to release the capacity to other third parties only under the same set of conditions described herein, i.e., any Replacement Shipper will be considered the Releasing Shipper for purposes of subsequent assignments of capacity, and any third party receiving such capacity in such transactions will be considered the Replacement Shipper.

(e) Creditworthiness: Qualification for participation in the capacity release program - Any potential Replacement Shipper that wishes to acquire released capacity under the capacity release program must satisfy the creditworthiness requirements contained in Section 12 of the General Terms and Conditions of this Tariff by pre-qualifying prior to submitting a bid for capacity. Upon pre-qualification, FEP shall continue to review potential Replacement Shipper's financial records and other sources of public information for creditworthiness. FEP shall have the right to amend a potential Replacement Shipper's line of credit from time to time and thereby lower or increase the quantity and term for which potential Replacement Shipper is qualified to submit future bids for released capacity. A potential Replacement Shipper cannot bid for released capacity which exceeds its qualified level of creditworthiness. Notwithstanding the determination of creditworthiness, FEP does not guarantee the payment of any outstanding amounts by a Replacement Shipper.

(f) Shipper Liability: In the event capacity is temporarily released hereunder, liability for payment of reservation charges and any surcharges applicable to the reservation charge will remain with the Releasing Shipper. If the Releasing Shipper permanently releases capacity hereunder, FEP will relieve said Releasing Shipper from its obligations under its Service Agreement, if (1) the release is at or above the rates provided for under (and for the remaining term of) Releasing Shipper's Service Agreement or, (2) the release is at less than rates provided for in Releasing Shipper's Service Agreement and the Releasing Shipper remits as an exit fee, a lump sum payment for the positive difference between the Releasing Shipper's contract rate and the bid rate

for the full term of the capacity release, and, when the Releasing Shipper's contract is at maximum tariff rates, the Replacement Shipper and FEP reach agreement on a mechanism permitting the periodic adjustment to the bid rate to reflect subsequent rate adjustments filed for and approved by the FERC. The Replacement Shipper and any of its subsequent assignees shall be responsible for any amounts billed to them under Section 14.8(e) of this Tariff, but shall not be responsible for any other amounts billed to the Releasing Shipper.

(g) FEP's Right to Terminate a Temporary Capacity Release: FEP may elect to terminate a Replacement Shipper's Service Agreement, upon fourteen (14) days written notice to the Replacement Shipper, under the following conditions:

(1) The Releasing Shipper has failed to maintain creditworthiness in accordance with Section 12 of the General Terms and Conditions of this Tariff;

(2) FEP has terminated the Releasing Shipper's Service Agreement in accordance with Sections 12 of the General Terms and Conditions of this Tariff; and

(3) The rate stated in the effective Replacement Shipper's Service Agreement is less than the Releasing Shipper's contract rate.

The Replacement Shipper may avoid termination of the temporary capacity release if, prior to the end of the fourteen (14) day notice period, the Replacement Shipper agrees that, beginning the first day after the end of the fourteen (14) day notice period, it will pay the lower of (1) the former Releasing Shipper's contract rate, or (2) the maximum applicable reservation and commodity rates as stated in this Tariff for the applicable service for the remainder of the Replacement Shipper's contract term.

(h) Term Limitation: The term of any agreement providing for the release of capacity cannot extend beyond the term of the underlying Service Agreement. Released capacity may be allocated with a future effective date.

(i) Refunds: Releasing Shipper and any Replacement Shipper must track any changes in FEP's rates approved by the Commission. In the event the Commission orders refunds of any such rates charged by FEP and previously approved, FEP and/or Releasing Shipper, as the case may be, must make corresponding refunds to such Releasing Shipper or any Replacement Shipper, to the extent that Releasing Shipper or Replacement Shipper(s) has paid a rate in excess of FEP's just and reasonable, applicable maximum rates, unless otherwise specified by the terms of the release.

(1) Refunds Due Under Releases Greater Than One Year. If FEP is obligated to refund any amounts attributable to reservation charges for capacity which has been released, FEP shall make the applicable refund to the Replacement Shipper to the extent that FEP has actually received reservation charge amounts from the Replacement Shipper in excess of the amounts assessable under the revised maximum reservation charge rates (which amounts are credited to the account of the Releasing Shipper under this Subsection). Except as may otherwise be provided pursuant to Section 30.4 of these General Terms and Conditions, FEP shall make a

corresponding adjustment to the capacity release credit provided to the Releasing Shipper, and may reduce the capacity release credit in a lower refund or adjusted billings to the Releasing Shipper. Any other applicable reservation charge refund shall go to the Releasing Shipper. Except as may otherwise be provided pursuant to Section 30.4 of these General Terms and Conditions, commodity rate refunds shall go to the party which paid the commodity charge.

(2) Refunds Due Under Releases One (1) Year or Less. If FEP is obligated to refund any amounts attributable to reservation charges for capacity which has been released above the maximum rate for one year or less, FEP shall make the applicable refund to the Releasing Shipper notwithstanding the amount that FEP has actually received from the Replacement Shipper (which amounts are credited to the account of the Releasing Shipper under this Subsection). FEP shall reflect the same credit from the Replacement Shipper but shall adjust its billing to the Releasing Shipper to reflect the revised maximum reservation rates. Except as may otherwise be provided pursuant to Section 30.4 of these General Terms and Conditions, commodity rate refunds shall go to the party which paid the commodity charge.

(j) Conditions: Releasing Shipper and any Replacement Shipper are authorized to impose reasonable, nondiscriminatory conditions upon the release of their capacity on FEP's System. Such conditions must not be inconsistent with FEP's FERC Gas Tariff and the Service Agreement between the Releasing Shipper and FEP or Replacement Shipper and FEP.

(k) Rollover Limitations: A Releasing Shipper may re-release to the same Replacement Shipper for a term of thirty-one (31) days or less if either: (1) a period of twenty-eight (28) days has elapsed after the first release for thirty-one (31) days or less has expired or (2) an offer to release capacity has been posted, and capacity has been allocated to the shipper submitting the best bid. The twenty-eight (28) day hiatus does not apply to releases to an asset manager or marketer participating in a state-regulated retail access program, as defined by FERC regulations at 18 C.F.R. 284.8. An agreement for capacity to be released for a term of thirty-one (31) days or less shall not contain an evergreen provision and may not be rolled over for any additional time period.

(l) Capacity Release Timeline: The capacity release timeline as described herein is applicable to all parties involved in the capacity release process provided that: (1) all information provided by the parties to the transaction is valid and the Replacement Shipper has been determined to be creditworthy before the capacity release bid is tendered; (2) for index-based capacity release, the Releasing Shipper has provided FEP with sufficient instructions to evaluate the corresponding bid(s) according to the timeline; and (3) there are no special terms or conditions of the release. Further, FEP may complete the capacity release process on a different timeline if the Offer includes unfamiliar or unclear terms and conditions (e.g., designation of an index not supported by FEP).

(m) Service for the Replacement Shipper under FEP's capacity release program shall be in accordance with the terms and conditions of the applicable Rate Schedule of FEP's FERC Gas Tariff and Replacement Shipper's Service Agreement.

(n) A Replacement Shipper may submit changes to its primary Point(s) consistent with its Service Agreement, its contract demand, the terms of the offer by the Releasing

Shipper and subject to available capacity. If a Replacement Shipper has contracted for a temporary capacity release, and the Releasing Shipper has limited the movement of the primary Point(s), then the Replacement Shipper must submit dual requests for changes: one for the Point change that it is requesting and a second where the primary Point(s) of the Releasing Shipper are requested at the end of the temporary capacity release.

14.9 Request to Purchase Releasable Capacity

Any party may initiate a request to purchase releasable firm capacity by following the instructions posted on FEP's Informational Postings website located at <http://feptransfer.energytransfer.com> under "Notices, Request to Purchase Releasable Capacity." The form shall specify the terms and conditions of the request and the location of the posting on FEP's Informational Postings website. Such offer to purchase released capacity shall be posted on FEP's website for 30 Days.

16. PRE-GRANTED ABANDONMENT, CONTRACT ROLLOVERS AND RIGHT OF FIRST REFUSAL

16.1 GENERAL

Subject to Section 16.3, service performed by FEP under Part 284 of the Commission's Regulations shall expire, and shall be automatically abandoned, upon contract termination under: (a) any FTS transportation Agreement with a primary term of less than one (1) Year; and (b) any ITS, PALS or HAT Agreement regardless of term. Service under any FTS transportation Agreement with a term of one (1) Year or greater shall expire, and shall be automatically abandoned, on contract termination unless service is continued pursuant to Sections 16.2 or 16.3. Rights under this Section 16 shall not be available to the extent provided in Section 2.1(b)(7) of these General Terms and Conditions (relating to limited time period contracts).

16.2 RIGHT OF FIRST REFUSAL

(a) Any Shipper under a firm service Agreement with a term of one (1) Year or greater and with a rate equal to the applicable maximum rate shall have the right to continue receiving service after the expiration of its existing Agreement to the extent consistent with this Section 16.2. The prior sentence shall (unless otherwise agreed) include any such firm Agreement which incorporates a Negotiated Rate if (unless otherwise agreed) the revenue under such an Agreement equals or exceeds the revenue at the applicable maximum rate. FEP shall set out in the posting described in subsection 16.2(b) below the forms of bids which may be submitted in the Right of First Refusal. Bids may always be submitted in the rate form underlying the applicable maximum rate. Bids in the form of a Negotiated Rate may only be submitted if permitted in the posting. A match by the existing Shipper must be made in a bid form permitted under the posting. FEP shall not be required to provide service under the Right of First Refusal procedure at a discount from the applicable maximum rate unless it otherwise agrees. If a bid is submitted for a Negotiated Rate, the value of that bid for evaluation purposes shall be capped at, and the existing Shipper need only match, the lesser of the value of the bid at the Negotiated Rate or the value of that bid utilizing the Recourse Rate in lieu of the Negotiated Rate.

(b) To exercise the Right of First Refusal, the existing Shipper must provide FEP with notice of its intent to do so in a form specified by FEP and must submit such notice at least nine (9) Months prior to the expiration of the existing Agreement. FEP shall advise Shipper in writing of the date by which such notice must be submitted at least one (1) Month prior to the last day on which such notice can be made on a timely basis. Such notice must specify a desired term of service, the desired Contract MDQ and the desired Point MDQ at each Receipt and Delivery Point. If the requested Contract MDQ is greater than Shipper's existing Contract MDQ and/or if the Point MDQ is greater than the existing Point MDQ at any Receipt and Delivery Point, any such increase shall be treated as a request for new service under the applicable Rate Schedule and only the original quantity shall be subject to the Right of First Refusal under this Section. The Right of First

Refusal may apply to a portion of the existing Shipper's Contract MDQ for its then effective service. Any notice specifying a decrease in Contract MDQ or Point MDQ shall not affect the existing Agreement during its remaining term.

(c) Within fifteen (15) days after receipt of a notice under Section 16.2(b), FEP shall post on the Informational Postings portion of its Interactive Website an Announcement of Capacity Availability Subject to Right of First Refusal (Capacity Announcement) which shall: (1) specify the existing Shipper's service rights; (2) indicate the availability of such service as of the date the existing Agreement expires, subject to the Right of First Refusal; (3) state the maximum rate applicable to such service; (4) set out any other information required by this Section; and (5) solicit bids for such service. Such Capacity Announcement shall be maintained, and bids accepted via FEP's Interactive Website, for a period of at least ten (10) days from the initial posting.

(d) (1) Within one (1) week after the end of the ten (10) day period during which the Capacity Announcement is posted, FEP shall convey to the existing Shipper a term sheet for the best bid (based on price and term) which would qualify for such service in all respects (including meeting applicable credit criteria), which is a bona fide bid and which FEP is willing to accept. FEP may, but is not required to, accept any bid which reflects a discount from the applicable maximum rate. In assessing which is the best bid if more than one bid is received, FEP shall apply the same criteria as are utilized to allocate firm capacity pursuant to Section 2.1 of these General Terms and Conditions.

(2) FEP's term sheet shall contain any and all terms of the bid but shall not identify the bidder; provided, however, such bid sheet shall indicate if the best bid was submitted by an affiliate of FEP. Except for the providing of such term sheet to the existing Shipper, all terms and conditions of any bid and the identity of the bidder shall remain confidential; provided that the Commission may on request have access to such information on a confidential basis.

(3) The existing Shipper shall have two (2) weeks to notify FEP whether or not it desires to match the best bid. If the existing Shipper seeks to retain only a portion of its Contract MDQ, the analysis of whether the existing Shipper has matched the best bid may take into account the Contract MDQ requested under the best bid relative to the Contract MDQ the existing Shipper seeks to retain. To match the best bid, the existing Shipper must match the net present value of the best bid; provided however, if the best bid is for more than five (5) years, the existing Shipper need only match the net present value associated with the first five (5) years covered by the bid. Any rate bid by the existing Shipper that is below the maximum recourse rate must be acceptable to FEP.

(e) (1) If the existing Shipper matches the best bid, it shall be entitled to continuation of service and shall be obligated to sign an Agreement tendered by FEP which reflects the best bid or any counteroffer by the existing Shipper which matches such best bid.

(2) If the existing Shipper fails to match the best bid, the existing Agreement shall terminate at the end of its term and service to the existing Shipper shall be automatically abandoned.

(3) Submission of a bid shall be binding on the bidder. The bidder submitting the best bid shall be obligated to sign an Agreement reflecting its bid, as set forth in the bid form, if the existing Shipper fails to match or matches only a portion of the capacity where the Shipper has agreed to accept a prorated capacity award. Nothing herein shall preclude negotiation of a more acceptable Agreement by mutual consent of FEP and such bidder; provided, however, that service may not be agreed upon under terms and conditions less favorable to FEP than the best bid without providing the existing Shipper an additional opportunity to match such revised terms and conditions.

(f) FEP shall notify the existing Shipper if no qualified bid is received within one (1) week after the end of the ten (10) day period the Capacity Announcement is posted. In the absence of a qualified bid, the rate (within applicable maximums and minimums) and the term for continued service shall be negotiated between FEP and the existing Shipper. No discount or other special terms shall apply to a rollover Agreement unless FEP and the existing Shipper mutually agree. If no agreement is reached prior to the end of the three (3) week period following FEP's notice to the existing Shipper, the existing Shipper may, at that time, require that FEP enter into an Agreement to provide service at the applicable maximum rate for a term specified by Shipper and running from the date the existing Agreement expires. Unless the existing Shipper so elects at the end of the three (3) week period following FEP's notice to it, FEP may negotiate with any Shipper, subject to the Initial Open Season requirement, with the existing Shipper having no further rights under this Section 16 and service under the existing Agreement shall be terminated and automatically abandoned at the expiration thereof.

(g) If the existing Shipper is eligible to receive continued service under this Section 16.2, FEP shall tender a rollover Agreement which conforms to the requirements of this Tariff prior to the expiration of the existing Agreement. The existing Shipper and FEP shall execute such rollover Agreement, or any modified Agreement upon which FEP and Shipper may mutually agree which is not inconsistent with this Tariff, within two (2) weeks. If it fails to execute the rollover Agreement on a timely basis, the existing Shipper shall (in addition to all other remedies available to FEP for such Shipper's failure to fulfill its obligation to execute such Agreement) forfeit any right to continuation of service after the expiration of the existing Agreement.

16.3 CONTRACTUAL ROLLOVERS

The term of service under any FTS, ITS, PALS or HAT Agreement may be extended pursuant to a rollover or evergreen provision in such Agreement, which provision may supersede any otherwise applicable rollover or Right of First Refusal pursuant to this Section. In addition, the parties may subsequently negotiate rollover or evergreen provisions which differ from this Section. FEP is not obligated to offer or agree to any such rollover or evergreen provisions; provided, however, that to the extent it offers or agrees to any such provision, it must do so on a non-discriminatory basis for similarly situated Shippers. Without limitation of the foregoing, a contractual rollover provision may include a unilateral right on the part of Shipper to extend the term of the Agreement by notice to FEP by a time specified and rights of first refusal in addition to

those specified in this Section 16.

Unless waived by FEP, the requirements for a valid request under the applicable Rate Schedule (including the applicable credit analysis) apply to any rollover Agreement.

16.4 CONTRACT EXTENSION

Prior to the expiration of the term of an Agreement(s), FEP and Shipper may mutually agree to renegotiate the terms of such Agreement(s) in exchange for Shipper's agreement to extend the use of at least part of its existing service under a restructured Agreement(s), without having to utilize the Right of First Refusal process set forth in this Section 16. Such restructured Agreement(s) shall be negotiated on a case by case basis in a not unduly discriminatory manner. If an Agreement has a regulatory Right of First Refusal, the agreement to extend must be reached prior to FEP's posting the capacity for bidding. To the extent that FEP and Shipper have mutually agreed to such an Agreement(s), the requirements of Section 2.1(b) of these General Terms and Conditions shall not apply.

29. COMPLIANCE WITH 18 C.F.R., SECTION 284.12

29.1 FEP has adopted the Business Practices and Electronic Communications Standards, NAESB WGQ Version 3.1, which are required by the Commission in 18 CFR, Section 284.12(a), as indicated below. Standards without accompanying identification or notations are incorporated by reference. Standards that are not incorporated by reference are identified along with the tariff record in which they are located. Standards for which waivers or extensions of time have been granted are also identified.

Pursuant to NAESB's Copyright Procedure Regarding Member and Purchaser Self-Executing Waiver, as adopted by the NAESB Board of Directors on April 4, 2013, FEP may publish in its tariff, compliance filings, in communications with customers or stakeholders in conducting day to day business or in communications with regulatory agencies some or all of the language contained in NAESB standards protected by copyright, provided that FEP includes appropriate citations in the submission.

FEP has elected to reproduce only the following Business Practices and Electronic Communications Standards, NAESB WGQ Version 3.1, that are protected by NAESB's copyright. With respect to each reproduced standard, FEP incorporates the following: © 1996 – 2017 NAESB, all rights reserved.

(1) Standards not Incorporated by Reference and their Location in Tariff:

<u>NAESB Standard</u>	<u>General Terms and Conditions Tariff Record</u>	<u>Tariff Record Provision</u>
0.3.3	12. Evaluation of Credit	12.2(a)(2)(i)
0.3.4	12. Evaluation of Credit	12.2(a)(2)(ii)
0.3.5	12. Evaluation of Credit	12.2(a)(2)(iii)
0.3.6	12. Evaluation of Credit	12.2(a)(2)(iv)
0.3.7	12. Evaluation of Credit	12.1(a)(5)
0.3.8	12. Evaluation of Credit	12.2(c)
0.3.9	12. Evaluation of Credit	12.2(c)
0.3.10	12. Evaluation of Credit	12.1(a)(5)
1.2.4	6. Nomination: Reporting,Balancing & Segmentation	6.5(a)
1.2.12	6. Nomination: Reporting,Balancing & Segmentation	6.4(c)(3)
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1.3.5	6. Nomination: Reporting,Balancing & Segmentation	6.1(b)
1.3.7	6. Nomination: Reporting,Balancing & Segmentation	6.1(a)
1.3.8	6. Nomination: Reporting,Balancing & Segmentation	6.5(b)
1.3.11	6. Nomination: Reporting,Balancing & Segmentation	6.5(h)
1.3.14	6. Nomination: Reporting,Balancing & Segmentation	6.1(e)

1.3.19	6. Nomination: Reporting,Balancing & Segmentation	6.7
1.3.21	6. Nomination: Reporting,Balancing & Segmentation	6.1(c)
1.3.22	6. Nomination: Reporting,Balancing & Segmentation	6.4(c)
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1.3.32	6. Nomination: Reporting,Balancing & Segmentation	6.5(d)
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2.3.16	8. Determination of Deliveries	8.1
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3.3.14	11. Statements, Billing, Payment and Discounting Policy	11.1
3.3.15	11. Statements, Billing, Payment and Discounting Policy	11.5(a)
3.3.17	11. Statements, Billing, Payment and Discounting Policy	11.4
3.3.18	11. Statements, Billing, Payment and Discounting Policy	11.4
3.3.19	11. Statements, Billing, Payment and Discounting Policy	11.4
4.3.89	13. Interactive Website	13.1(a)(1)
4.3.90	13. Interactive Website	13.1(a)(2)
4.3.91	13. Interactive Website	13.1(a)(3)
4.3.92	13. Interactive Website	13.1(a)(3)
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(2) Standards Incorporated by Reference:

(a) ADDITIONAL STANDARDS

General:

Definition: 0.2.5

Standards: 0.3.1, 0.3.2, 0.3.16, 0.3.17

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Standards:

Gas/Electric Operation Communications:

Definitions: 0.2.1, 0.2.2, 0.2.3, 0.2.4

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Standards: 0.3.18, 0.3.20, 0.3.21, 0.3.22

Datasets: 0.4.2, 0.4.3

Location Data Download:

Standards: 0.3.23, 0.3.24, 0.3.25, 0.3.26, 0.3.27, 0.3.28, 0.3.29

Dataset: 0.4.4

Storage Information:

Dataset: 0.4.1

(b) NOMINATIONS, CONFIRMATIONS AND SCHEDULING

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(c) FLOWING GAS

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(d) INVOICING

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Standards: 3.3.3, 3.3.4, 3.3.5, 3.3.6, 3.3.7, 3.3.8, 3.3.10, 3.3.11, 3.3.12, 3.3.13, 3.3.16, 3.3.21, 3.3.22, 3.3.23, 3.3.24, 3.3.25, 3.3.26

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(e) ELECTRONIC DELIVERY MECHANISMS

Definitions: 4.2.1, 4.2.2, 4.2.3, 4.2.4, 4.2.5, 4.2.6, 4.2.7, 4.2.8, 4.2.9, 4.2.10, 4.2.11, 4.2.12, 4.2.13, 4.2.14, 4.2.15, 4.2.16, 4.2.17, 4.2.18, 4.2.19, 4.2.20

Standards: 4.3.1, 4.3.2, 4.3.3, 4.3.16, 4.3.17, 4.3.18, 4.3.20, 4.3.22, 4.3.23, 4.3.24, 4.3.25, 4.3.26, 4.3.27, 4.3.28, 4.3.30, 4.3.31, 4.3.32, 4.3.33, 4.3.34, 4.3.35, 4.3.36, 4.3.38, 4.3.40, 4.3.41, 4.3.42, 4.3.43, 4.3.44, 4.3.45, 4.3.46, 4.3.47, 4.3.48, 4.3.49, 4.3.50, 4.3.52, 4.3.53, 4.3.54, 4.3.55, 4.3.57, 4.3.58, 4.3.60, 4.3.61, 4.3.62, 4.3.66, 4.3.67, 4.3.68, 4.3.69, 4.3.72, 4.3.75, 4.3.78, 4.3.79, 4.3.80, 4.3.81, 4.3.82, 4.3.83, 4.3.84, 4.3.85, 4.3.86, 4.3.87, 4.3.93, 4.3.94, 4.3.95, 4.3.96, 4.3.97, 4.3.98, 4.3.99, 4.3.100, 4.3.101, 4.3.102, 4.3.103, 4.3.104, 4.3.105, 4.3.106

(f) CAPACITY RELEASE

Definitions: 5.2.1, 5.2.2, 5.2.3

Standards: 5.3.4, 5.3.5, 5.3.7, 5.3.8, 5.3.9, 5.3.10, 5.3.11, 5.3.12, 5.3.15, 5.3.16, 5.3.18, 5.3.19, 5.3.20, 5.3.21, 5.3.22, 5.3.23, 5.3.24, 5.3.25, 5.3.28, 5.3.29, 5.3.31, 5.3.32, 5.3.33, 5.3.34, 5.3.35, 5.3.36, 5.3.37, 5.3.38, 5.3.39, 5.3.40, 5.3.41, 5.3.42, 5.3.44, 5.3.45, 5.3.46, 5.3.47, 5.3.48, 5.3.49, 5.3.50, 5.3.51, 5.3.52, 5.3.53, 5.3.54, 5.3.55, 5.3.56, 5.3.57, 5.3.58, 5.3.59, 5.3.60, 5.3.62, 5.3.63, 5.3.64, 5.3.65, 5.3.66, 5.3.67, 5.3.68, 5.3.69, 5.3.70, 5.3.71, 5.3.72, 5.3.73

Data Sets: 5.4.14, 5.4.15, 5.4.16, 5.4.17, 5.4.20, 5.4.21, 5.4.22, 5.4.23, 5.4.24, 5.4.25, 5.4.26, 5.4.27

(g) INTERNET ELECTRONIC TRANSPORT RELATED STANDARDS

Definitions: 10.2.1, 10.2.2, 10.2.3, 10.2.4, 10.2.5, 10.2.6, 10.2.7, 10.2.8, 10.2.9, 10.2.10, 10.2.11, 10.2.12, 10.2.13, 10.2.14, 10.2.15, 10.2.16, 10.2.17, 10.2.18, 10.2.19, 10.2.20, 10.2.21, 10.2.22, 10.2.23, 10.2.24, 10.2.25, 10.2.26, 10.2.27, 10.2.28, 10.2.29, 10.2.30, 10.2.31, 10.2.32, 10.2.33, 10.2.34, 10.2.35, 10.2.36, 10.2.37, 10.2.38

Standards: 10.3.1, 10.3.3, 10.3.4, 10.3.5, 10.3.6, 10.3.7, 10.3.8, 10.3.9, 10.3.10, 10.3.11, 10.3.12, 10.3.14, 10.3.15, 10.3.16, 10.3.17, 10.3.18, 10.3.19, 10.3.20, 10.3.21, 10.3.22, 10.3.23, 10.3.24, 10.3.25, 10.3.26, 10.3.27

(h) STANDARDS FOR WHICH WAIVER OR EXTENSION OF TIME TO COMPLY HAVE BEEN GRANTED

NAESB Standard
None

Waiver or Extension of Time
None

29.2 (a) FEP shall utilize the standardized datasets provided by the standards incorporated by reference in 18 C.F.R. Section 284.12. FEP's implementation guide for the standardized data sets specifies FEP's intended use, if any, of the data elements that are coded as "business conditional" (BC) and "mutually agreeable" (MA) for purposes of EDI. The implementation guide may be obtained by contacting the Website-Help Line (1-281-714-2255) and asking for the EDI coordinator. If requested by a Shipper, FEP will, within sixty (60) days begin exchanging such data sets with the requesting Shipper.

(b) FEP shall utilize the North America Energy Gas Industry Standards Board Trading Partner Agreement (Version 1.9, Standard 6.3.3).

29.3 FEP's Informational Postings Website required by Standard 4.3.23 is accessible via the Internet at the following address: <http://fepttransfer.energytransfer.com>

30. NEGOTIATED RATES

30.1 PRECONDITIONS TO NEGOTIATED RATES

Rates to be charged by FEP for service to any Shipper under applicable Rate Schedules may deviate in either form or level or both from the applicable maximum rate level in this Tariff, subject to the following provisions:

(a) FEP and Shipper have executed a valid Agreement containing therein or in a related agreement a specific mutual understanding that Negotiated Rate(s) will apply to service for that Shipper;

(b) At the time of execution of the Agreement (or the amendment to an Agreement), which first provides for the applicability to Shipper of the Negotiated Rate(s), service was available pursuant to the terms and conditions (not modified by this Section 30) of Rate Schedules FTS, ITS, PALS or HAT of this Tariff, as applicable; and

(c) No later than the Business Day on which FEP commences service at such Negotiated Rate(s) (or if the Day on which FEP commences service is not a Business Day, then no later than the next Business Day after FEP commences service), FEP will file a tariff section advising the Commission of such Negotiated Rate, stating the name of Shipper, the type of service, the Receipt and Delivery Point(s) applicable to the service, the quantity of the Gas to be transported, any other charges, and specifying the specific Negotiated Rate included in such Agreement with sufficient specificity such that the rate in effect from time to time can be readily calculated. The tariff section must also either incorporate a statement that the Agreement does not deviate from the form of service agreement in any material respect or the Agreement must be reflected in a separate tariff section identifying non-conforming Agreements of FEP. As an alternative to filing the tariff section, FEP may file the contract setting out the Negotiated Rate.

30.2 AWARD OF FIRM CAPACITY

To the extent the revenue level pursuant to the Negotiated Rate(s) provided for in Section 30.1 above should equal or exceed the revenue level at the Recourse Rate, the Shipper paying such Negotiated Rate(s) or rate(s) under a Negotiated Rate Formula shall be treated, for capacity award purposes, as if the rate(s) paid had been equal to the Recourse Rate. Any Shipper, existing or new, paying the Recourse Rate(s) has the same right to capacity for capacity award purposes as a Shipper willing to pay an equal or higher Negotiated Rate(s) or rate(s) under a Negotiated Rate Formula. If the Negotiated Rate or the rate under a Negotiated Rate Formula are always higher than the corresponding Recourse Rate, the Recourse Rate rather than the Negotiated Rate will be used as the price cap for the Right of First Refusal pursuant to Section 16.2 of these General Terms and Conditions. Where the Negotiated Rate(s) or rate(s) under a Negotiated Rate Formula results in revenue which is greater than the Recourse Rate during certain portions of the relevant evaluation period but less than the revenue at the Recourse Rate during other portions of the relevant evaluation period (but the revenue pursuant to the Negotiated Rate(s) or rate(s) under a Negotiated Rate Formula equals or exceeds that which would be generated at the Recourse Rate for

the entire evaluation period), the value of bids and requests at the Negotiated Rate(s) or rate(s) under a Negotiated Rate Formula for capacity award purposes shall be evaluated as though the Recourse Rate applied under such bid or request for the entire evaluation period. Where the Negotiated Rate(s) or rate(s) under the Negotiated Rate Formula result in revenue which is less than revenue at the Recourse Rate over the relevant evaluation period, the value of the bids or requests at the Negotiated Rate(s) or rate(s) under the Negotiated Rate Formula for capacity award purposes shall be evaluated based on such lower revenue and shall be afforded a correspondingly lower priority in a capacity award procedure than bids or requests at the Recourse Rate.

30.3 ACCOUNTING FOR COSTS AND REVENUES

Recording of cost and revenues from service at Negotiated Rate(s) or under a Negotiated Rate Formula will follow FEP's normal practices associated with all of its services under this Tariff. FEP will maintain separate records of Negotiated Rate and Negotiated Rate Formula transactions for each billing period. These records shall include the quantities transported, the billing determinants (Contract MDQ), the rates FEP charged and the revenue received associated with such transactions. FEP will separately identify such transactions in Statements G, I and J (or their equivalent) filed in any general rate proceeding. Should FEP institute a tariff provision to flow through on a current basis to its Shippers the impact of certain transportation transactions, the treatment of revenues from Negotiated Rate(s) or Negotiated Rate Formula(s) shall be specified in such provision.

30.4 CAPACITY RELEASE REVENUE

FEP and Shipper may agree hereunder to a Negotiated Rate or Negotiated Rate Formula which includes payment obligations or crediting mechanisms in the event of a capacity release which vary from those set out in Section 14 of these General Terms and Conditions. Nothing in the foregoing sentence, however, shall authorize FEP or Shipper to violate the Commission's policy with respect to the negotiation of terms and conditions of service.

30.5 FUEL GAS, BOOSTER COMPRESSION FUEL AND LOST AND UNACCOUNTED FOR GAS

Under this Section, FEP and Shipper may agree upon reimbursement or surcharge components, including percentage charges for Fuel Gas, Booster Compression Fuel and/or Lost and Unaccounted For Gas, different from those otherwise determined under this Tariff. Without limitation of the foregoing, FEP may enter into agreements on Fuel Gas, Booster Compression Fuel and/or Lost and Unaccounted For Gas reimbursement percentages with Shippers different from those determined under the Tariff. FEP will credit the full maximum rate reimbursement or surcharge amounts to its accounts for any such transactions where such reimbursement or surcharge amounts would apply if the transaction were not entered into under this authority, without prejudice to FEP's recovery from the Shipper with which it has such an agreement of additional future amounts to offset any underrecovery experienced by FEP to the extent such future recoveries are permitted by contract. As permitted under Section 5.8 of FEP's FTS and ITS Rate Schedules, no Fuel Gas component need be charged for physical backhauls.

34. DISCOUNTING

(a) In the event that FEP agrees to discount its rate to Shipper below FEP's maximum rate under Rate Schedules FTS, ITS, PALS or HAT as applicable, the discount terms shall be reflected in the applicable Agreements or associated discount agreements and will apply without the discount constituting a material deviation from FEP's form of service agreement; provided, however, that any such discounted rates shall be between the minimum and maximum rates applicable to the service provided under the applicable rate schedule. Without limitation of the foregoing, such discounted rates may be based on:

(1) The published index prices for specific Points or other agreed-upon published pricing reference points for price determination the use of which is not inconsistent with Commission policy (such discounted rate may be based upon the differential between published index prices or arrived at by formula). Such discounted rate:

- (i) shall not change the underlying rate design;
- (ii) shall not include any minimum bill or minimum take provision that has the effect of guaranteeing revenue;
- (iii) shall define the rate component to be discounted; and
- (iv) shall be limited by the applicable maximum and minimum rates.

(2) any of the factors set out in subsection (b).

(b) Except as otherwise provided in any written agreement(s) between the parties in effect during the term hereof, Shipper shall pay FEP the applicable maximum rate(s) and all other lawful charges as specified in FEP's applicable rate schedule. Shipper and FEP may agree that Shipper shall pay a rate other than the applicable maximum rate so long as such rate is between the applicable maximum and minimum rates specified for such service in the Tariff. FEP and Shipper may agree that a specific discounted rate will apply only to certain quantities or any other contractual quantities under the agreement. The parties may agree that a specified discounted rate will apply only to specified quantities (Contract MDQ) or commodity quantities under the agreement; that a specified discounted rate will apply only if specified quantities are achieved or only if the quantities do not exceed a specified level; that a specified discounted rate will apply only during specified periods of the Year or for a specifically defined period; that a specified discounted rate will apply only to specified points, mainline segments, supply areas, transportation paths, markets or other defined geographical area(s); that a specified discounted rate(s) will apply in a specified relationship to the quantities actually transported; (i.e., that the reservation rate will be adjusted in a specified relationship to quantities actually transported); that a discounted rate may be based on a formula, including a formula utilizing pricing indices consistent with Section 34 of the General Terms and Conditions of FEP's FERC Gas Tariff; that a specific discount rate shall apply only to service under one rate schedule to make up for a decrease (or increase) in the maximum rate

for a separate service provided under another rate schedule; and/or that a specific discount rate shall apply only to reserves dedicated by Shippers to FEP's System. Notwithstanding the foregoing, no discount agreement may provide that an agreed discount as to a certain quantity level will be invalidated if the Shipper transports an incremental volume above that agreed level. In addition, the discount agreement may include a provision that if one rate component which was at or below the applicable maximum rate at the time the discount agreement was executed subsequently exceeds the applicable maximum rate due to a change in FEP's maximum rates so that such rate component must be adjusted downward to equal the new applicable maximum rate, then other rate components of the same Agreement or a different Agreement for the same or a different service may be adjusted upward to achieve the agreed overall rate, so long as none of the resulting rate components exceed the maximum rate applicable to that rate component. Such changes to rate components shall be applied prospectively, commencing with the date a Commission order accepts revised tariff sections. However, nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates which had been charged under a discount agreement exceeded rates which ultimately are found to be just and reasonable.

(c) Surcharges. FEP may agree to discount any surcharges applicable to any Service Agreement to the maximum extent permitted by Commission policy.

(d) If the parties agree upon a rate other than the applicable maximum rate, such written Agreement shall specify that the parties mutually agree either: (1) that the agreed rate is a discount rate; or (2) that the agreed rate is a Negotiated Rate. In the event that the parties agree upon a Negotiated Rate, this Agreement shall be subject to Section 30 of the General Terms and Conditions of FEP's Tariff.

36. PERIODIC RATE ADJUSTMENTS FOR FUEL GAS, LOST AND UNACCOUNTED FOR GAS AND BOOSTER COMPRESSION FUEL

36.1 PURPOSE AND APPLICABILITY

(a) This Section 36 establishes a semi-annual periodic rate adjustment provision for the recovery by FEP of Fuel Gas, Lost and Unaccounted For Gas, and any Booster Compression Fuel. FEP shall have the right to adjust the Fuel Gas Percentage, the Lost and Unaccounted For Gas Percentage, and any Booster Compression Fuel Percentages, as provided in this Section 36.

(b) This Section 36 specifies the procedures to be utilized in adjusting such Reimbursement Percentages to reflect changes in Fuel Gas, Lost and Unaccounted For Gas, and Booster Compression Fuel. These adjustments result in the Fuel Gas and Lost and Unaccounted For Gas Reimbursement Percentages as reflected in the Currently Effective Rates for the applicable Rate Schedule. A separate incremental Booster Compression Fuel Reimbursement Percentage (associated with Booster Compression) is set forth for point(s) where Booster Compression applies. All amounts for the reimbursement of Fuel Gas, Lost and Unaccounted For Gas, and Booster Compression Fuel shall be recovered by FEP in-kind by applying the applicable Reimbursement Percentage(s) to the quantities of Gas transported on the FEP System under Rate Schedules FTS, ITS and HAT. If fuel retention percentages differ from those determined hereunder are established for any Shipper, pursuant to Section 30 of these General Terms and Conditions (relating to Negotiated Rates), that contractual percentage shall be used in determining delivery quantities for that Shipper (Equivalent Volumes, etc), but shall be without prejudice to FEP recovering additional future amounts from such a Shipper consistent with Section 30.5 of these General Terms and Conditions.

(c) Fuel Gas charges shall not be assessed for quantities received by FEP upstream of the interconnect with Natural Gas Pipeline Company of America LLC (NGPL Interconnect) located in White County, Arkansas, and delivered at or upstream of the NGPL Interconnect, provided that such deliveries are made without the use of compression. Provided however, Lost and Unaccounted For Gas and any applicable Booster Compression Fuel charges shall apply to such quantities. If mainline compression is installed at or upstream of the NGPL Interconnect, the Fuel Gas Charge exemption provided in this section shall not be applicable.

(d) FEP shall file the first semi-annual Periodic Rate Adjustment nine (9) months after the Initial Effective Date.

36.2 DEFINITIONS

(a) "Fuel Gas", "Lost and Unaccounted For Gas", and "Booster Compression Fuel" shall have the meanings set out in Section 1 of these General Terms and Conditions.

(b) "Collection Period" shall mean, for purposes of the Periodic Rate Adjustment, the six (6) Month period ended three (3) Months prior to the commencement of a new Recovery Period.

(c) "Recovery Period" shall mean, for purposes of the Periodic Rate Adjustment, the period during which the revised percentages are to be in effect, which shall be a six (6)Month period commencing with the effective date of the next redetermination as specified in Section 36.3.

(d) "Receipt Quantity" shall mean the quantity of Gas received by FEP at the various Receipt Points on its System, net of quantities received as reimbursement for Fuel Gas, Lost and Unaccounted For Gas, and applicable Booster Compression Fuel, as adjusted for any negotiated rate agreements pursuant to Section 30.5 of these General Terms and Conditions. For purposes of incremental Booster Compression Fuel Reimbursement Percentage(s), the Receipt Quantity shall mean all quantities received at the point(s) where Booster Compression applies.

36.3 PERIODIC RATE ADJUSTMENT

(a) The effective date of each Periodic Rate Adjustment shall be June 1 and December 1.

(b) FEP shall file its adjustment to each of the Reimbursement Percentages at least thirty (30) days prior to the effective date of the redetermination. The revised Reimbursement Percentage(s) in any periodic adjustment filing(s) shall be the sum of the Current Component, determined under Section 36.4, and the Deferred Component, determined under Section 36.5. Any periodic adjustment filing(s) submitted in accordance with this section shall become effective, and subject to refund, on the proposed effective date which is consistent with Sections 36.3(a) and 36.3(c). Any changes in Reimbursement Percentage(s) shall be subject to review in the periodic adjustment filing proceeding(s).

(c) FEP may, at any time, file to make an out of cycle adjustment to the Fuel Gas Reimbursement Percentage, Lost and Unaccounted For Gas Percentage, and/or to establish an incremental Booster Compressor Fuel Reimbursement Percentage at points where Booster Compression applies. Such adjustment shall be filed at least thirty (30) days prior to the effective date and shall only be effective at the beginning of a month.

36.4 CURRENT COMPONENT

(a) A Current Component shall be calculated for: (i) Fuel Gas Reimbursement Percentage; (ii) Lost and Unaccounted For Gas Reimbursement Percentage; and (iii) Booster Compression Fuel Reimbursement Percentage. Each element of the Current Component shall be divided by the relevant Receipt Quantity to calculate the Current Component of the respective Reimbursement Percentage(s). One value for the Fuel Gas and the Lost and Unaccounted For Gas Reimbursement Percentages shall be calculated, which applies once to all quantities transported on the System, excluding exempted volumes pursuant to Section 36.1(c). The Booster Compression

Fuel Reimbursement Percentage is an incremental rate applicable to Shippers with Gas being compressed using Booster Compression.

(b) Fuel Gas, Lost and Unaccounted For Gas, and Booster Compression Fuel to be included in this calculation consist of the Fuel Gas, Lost and Unaccounted For Gas, and Booster Compression Fuel actually experienced during the Collection Period, utilizing best available measurement information, and adjusted for changes reasonably anticipated to occur during the Recovery Period; provided, however, that for the initial redetermination, the calculation shall reflect the months of actual experience for which data is available.

(c) The Receipt Quantities used in these calculations shall be the Receipt Quantities to which such fuel charges were actually assessed as adjusted for Negotiated Rate Agreements, pursuant to Section 30.5 of these General Terms and Conditions, during the Collection Period, utilizing best available measurement information, and adjusted for changes reasonably anticipated to occur during the Recovery Period.

36.5 DEFERRED COMPONENT

(a) A Deferred Component shall be calculated for: (i) the Fuel Gas Reimbursement Percentage; (ii) the Lost and Unaccounted For Gas Reimbursement Percentage; and (iii) Booster Compression Fuel Reimbursement Percentage. A deferred subaccount shall be established and maintained for each of these items. The Deferred Component shall be the balance of the deferred subaccount as of the end of the Collection Period divided by the Receipt Quantity. The Receipt Quantities used in these calculations shall be the quantities to which such fuel charges were actually assessed during the Collection Period based on best available information, adjusted for changes reasonably anticipated to occur during the Recovery Period. The Deferred Component may be positive or negative.

(b) The accumulated deferred subaccount balances for each Reimbursement Percentage is to be adjusted semi-annually to reflect the following, as applicable:

(1) The amount associated with FEP's actual under- or over-recovery at the end of each six (6) Month period of Fuel Gas, Lost and Unaccounted For Gas, and Booster Compression Fuel if applicable.

(2) Adjustments to any prior Month's recoveries.

(3) Carrying charges on the deferred subaccounts.

(4) Other charges related to Fuel Gas, Lost and Unaccounted For Gas, and Booster Compression Fuel operations.

(c) The amount to be included as an adjustment in the deferral subaccounts for any Month shall be calculated as follows, with separate calculations for each Deferred Component identified in Section 36.5(a) hereof:

(1) FEP shall determine the actual Fuel Gas, the actual Lost and Unaccounted For Gas, and actual Booster Compression Fuel Gas, and quantities related to Section 20.2 of these General Terms and Conditions.

(2) FEP shall then determine the amount of Fuel Gas, the amount of Lost and Unaccounted For Gas, and the amount of Booster Compression Fuel Gas recovered for that Month, as follows: the amount of Fuel Gas, Lost and Unaccounted For Gas, and Booster Compression Fuel Gas recovered shall be determined by multiplying the Fuel Gas Reimbursement Percentage, the Lost and Unaccounted For Gas Reimbursement Percentage, and the Booster Compression Fuel Reimbursement Percentage in effect during the Month by the applicable Receipt Quantity for the Month.

(3) The adjustment to the deferral subaccounts for the Month shall be based on the difference between item (1) and item (2) of this sub-section (c) hereof. This amount shall be recorded in the deferral subaccount as follows:

(i) FEP shall debit the relevant deferral account in the event that the actual amounts for the current Month exceed the amounts that FEP recovered hereunder for that Month.

(ii) FEP shall credit the relevant deferral account in the event that the actual amounts for the current Month are less than the total amount FEP recovered hereunder for that Month.

(4) A valuation of the adjustments to the deferral subaccounts shall be based on the AMIP for the relevant period.

(5) FEP will add carrying charges applicable for the Month to each deferral subaccount. The carrying charge shall be the product of the following:

(i) The carrying charge base shall be the prior Month's balance in the reimbursement subaccount;

(ii) FEP shall compute a monthly carrying charge rate utilizing the effective annual FERC-approved interest rate prescribed in Section 154.501 of the FERC's Regulations. Such rate shall be expressed to the nearest one ten thousandth of 1%.

RATE SCHEDULES FTS, ITS AND HAT
FORM OF SERVICE AGREEMENT

[FOR RATE SCHEDULES FTS, ITS AND HAT]

Contract No.

FAYETTEVILLE EXPRESS PIPELINE LLC (FEP)
TRANSPORTATION RATE SCHEDULE
AGREEMENT DATED
UNDER SUBPART OF PART 284
OF THE FERC'S REGULATIONS

1. SHIPPER is:, a
2. MDQ: Dth per Day.
3. TERM: through
[Specify contractual rollover-rights or seasonal or other variable term rights, if any]
4. Service will be ON BEHALF OF:

..... Shipper or
..... Other:, a
5. This Agreement supersedes and cancels a Agreement dated
..... Capacity Rights for this Permanent Release Agreement were released from
..... [for firm service only]. Service and reservation charges commence the later of:

 (a), and
 (b) the date capacity to provide the service hereunder is available on FEP's System.

..... Other:
6. SHIPPER'S ADDRESS FEP'S ADDRESS

.....
.....
.....
7. Any or all of the following provisions may be included (where applicable) in the FTS, ITS or HAT Agreement and/or in any related Negotiated Rate, or discount contracts, if any:
 - a. (DISCOUNTED RATE AGREEMENTS ONLY) Applicable Maximum and Minimum Tariff Rates. Notwithstanding any other provision of this Agreement, in no event shall a discounted rate billed by FEP be less than the applicable minimum rate or more than the applicable maximum rate set forth in FEP's FERC Gas Tariff, as may be revised from time to time.
 - b. (NEGOTIATED RATE AGREEMENTS ONLY) Applicable Maximum and Minimum Tariff Rates. Unless otherwise expressly provided in this Agreement, the Negotiated Rates shall apply to service provided by FEP to Shipper for the term of the Agreement notwithstanding any otherwise applicable maximum or minimum rates set forth in FEP's FERC Gas Tariff as may be revised from time to time.
 - c. (DISCOUNTED RATE AGREEMENTS ONLY) Refunds. In no event shall FEP be required to refund to Shipper any amounts collected for service to which the discounted rate(s) apply, unless the relevant discounted rate billed to Shipper exceeds the corresponding applicable effective maximum rates set forth in FEP's FERC Gas Tariff, as approved by the FERC from time to time.
 - d. (NEGOTIATED RATE AGREEMENTS ONLY) Refunds. In no event shall FEP be required to refund to Shipper any amounts collected for service to which the Negotiated Rates apply, notwithstanding any otherwise applicable maximum or minimum rate set forth in FEP's FERC Gas Tariff, as may be revised from time to time.
 - e. (NEGOTIATED RATE AGREEMENTS ONLY) Shipper and FEP understand and agree that this Agreement shall be subject to any and all applicable conditions precedent under FEP's FERC Gas Tariff and the regulations and policies of the FERC, including without limitation any requirements for FEP to file for and receive FERC approval of the Negotiated Rates.
 - f. Notifications. Except as otherwise may be expressly provided herein, any notice or communication contemplated or required by this Agreement shall be in writing unless oral notification is expressly authorized herein, and shall be sent to the appropriate party at the relevant address set forth in the Transportation Agreement, as may be revised from time to time.

g. Nonwaiver of Rights. No delay or failure to exercise any right or remedy accruing to either FEP or Shipper upon breach or default by the other will impair any right or remedy or be construed to be a waiver of any such breach or default, nor will a waiver of any single breach be deemed a waiver of any other breach or default.

h. Succession and Assignment. In the event any entity succeeds by purchase, merger or consolidation of title to the properties, substantially as an entirety, of Shipper, such entity shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under the Agreement. No other assignment of the Agreement nor of any of the individual rights or obligations hereunder by Shipper shall be effective as to FEP without the prior express written consent of FEP, provided, however, that the Agreement may be assigned by Shipper to a wholly or partially owned affiliate, special purpose joint venture, partnership, or other affiliated entity, including a parent company or partnership, without prior written consent of FEP. The Agreement may be assigned by FEP to a wholly or partially owned affiliate, special purpose joint venture, partnership.

i. No Third Party Beneficiaries. This Agreement shall not create any rights in any third parties, and no provision of this Agreement shall be construed as creating any obligations for the benefit of, or rights in favor of, any person or entity other than FEP or Shipper.

j. Conformance to Law. It is understood that performance hereunder shall be subject to all valid laws, orders, rules and regulations of duly constituted governmental authorities having jurisdiction or control of the matters related hereto, including without limitation the Federal Energy Regulatory Commission.

k. Effect of Tariff. This Agreement shall at all times be subject to all applicable provisions of FEP's FERC Gas Tariff.

l. GOVERNING LAW. THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF, EXCLUDING ANY CONFLICT OF LAW RULE WHICH WOULD REFER ANY MATTER TO THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF

m. Entire Agreement. This Agreement contains the entire agreement between FEP and Shipper with respect to the subject matter hereof, and supersedes any and all prior understandings and agreements, whether oral or written, concerning the subject matter hereof, and any and all such prior understandings and agreements are hereby deemed to be void and of no effect. No amendments to or modifications of this Agreement shall be effective unless agreed upon in a written instrument executed by FEP and Shipper which expressly refers to this Agreement.

8. The above-stated Rate Schedule, as revised from time to time, controls this Agreement and is incorporated herein. The attached Exhibits A and B (for firm service only), and C (if applicable), are a part of this Agreement. THIS AGREEMENT SHALL BE CONSTRUED AND GOVERNED BY THE LAWS OF, AND NO STATE LAW SHALL APPLY TO REACH A DIFFERENT RESULT. This Agreement states the entire agreement between the parties and no waiver, representation or agreement shall affect this Agreement unless it is in writing. Shipper shall provide the actual end user purchaser name(s) to FEP if FEP must provide them to the FERC.

Agreed to by:

FEP

SHIPPER

/s/:
NAME:
TITLE:

/s/:
NAME:
TITLE:

RATE SCHEDULE PALS
FORM OF SERVICE AGREEMENT

[FOR RATE SCHEDULE PALS]

Contract No.

FAYETTEVILLE EXPRESS PIPELINE LLC (FEP)
RATE SCHEDULE PALS
AGREEMENT DATED
UNDER SUBPART OF PART 284
OF THE FERC'S REGULATIONS

1. SHIPPER is:, a
2. Maximum Aggregate Quantity (Dth) (On any Day, the total of all MAQ ROs can never exceed this quantity.)
3. Maximum Daily Quantity (Dth) (on any Day, the total MDQ of all ROs can never exceed this quantity).
4. TERM: through [Specify contractual rollover-rights or seasonal or other variable term rights, if any] and month to month thereafter until terminated by prior written notice by either party. Termination shall not discharge any obligation accrued hereunder.
5. Service will be ON BEHALF OF:
 Shipper or
 Other:, a
6. This Agreement supersedes and cancels a Agreement dated
 [for firm service only] Service and reservation charges commence the later of:
 (a), and
 (b) the date capacity to provide the service hereunder is available on FEP's System.
 Other:
7. SHIPPER'S ADDRESS FEP'S ADDRESS

8. PALS Request Order. The form of the PALS Request Order attached hereto or such other mutually agreeable form, when executed by the parties shall evidence their agreement as to the terms of the particular transaction for the Park and Loan Service pursuant to this Agreement, including the quantity, rate, Receipt and Delivery Points for parking and lending and the term. The PALS Request Order may specify a range for the quantity and term of a Park and Loan. A single PALS Request Order may cover both a park and loan within limits specified.
9. PARK AND LOAN QUANTITY:
 (i) Park Service: shall consist of FEP's receipt of a quantity of Gas at the designated Receipt Point(s) and/or Pooling Point(s) on the designated date, requested by Shipper under a PALS Request Order and approved by FEP, FEP's holding of such parked quantity of Gas for Shipper's account and FEP's redelivery of the parked quantity of Gas to Shipper at the designated Delivery Point(s) and/or Pooling Point(s) and on the designated date(s) set forth in such PALS Request Order.
 (ii) Loan Service: shall consist of FEP lending a specified quantity of Gas, requested by Shipper and approved by FEP, from designated Delivery Point(s) and/or Pooling Point(s) set forth in Shipper's PALS Request Order and the Shipper's redelivery of and FEP's acceptance of such quantities for Shipper's account at the designated Receipt Point(s) and/or Pooling Point(s) on the designated date(s) set forth in such PALS Request Order.
10. For Parking service, subject to the terms and provisions of this Agreement (including the Request Order attached hereto) and of Rate Schedule PALS and the General Terms and Conditions of FEP's FERC Gas Tariff, as amended from time to time, Shipper agrees to deliver or cause Gas to be delivered to FEP and FEP agrees (a) to receive a quantity of Gas ("Parked Quantity"), up to the daily and total quantity of Gas specified in the Request Order, not to exceed the MDQ and MAQ specified in this Agreement, on behalf of Shipper at the agreed upon Point(s) and at the agreed upon times on FEP's System; and (b) to hold the Parked Quantity on FEP's System and (c) to deliver, upon nomination by Shipper, the Parked Quantity to Shipper at the agreed upon point(s) and at the agreed upon time. Shipper shall make any necessary arrangements with FEP at the agreed upon point(s); provided, however, that such arrangements shall be compatible with the operating conditions of FEP's pipeline System, and the scheduling and curtailment priorities in the General Terms and Conditions of FEP's FERC Gas Tariff.
11. For Loan service subject to the terms and provision of this Agreement (Including the form of Request Order attached hereto) and of FEP's Rate Schedule PALS and the General Terms and Conditions of FEP's FERC Gas Tariff, as amended from time to time, FEP agrees to deliver or cause

Gas to be delivered to Shipper and Shipper agrees: (a) to receive a quantity of Gas specified in the Request Order ("Borrowed Quantity"), not to exceed the Maximum Daily Quantity, and the Maximum Total Quantity as specified in this Agreement, at the available and agreed upon point(s) and at the agreed upon time on FEP's System; and (b) to return the Borrowed Quantity to FEP at the agreed point(s) and at the agreed upon time. Shipper shall make any necessary arrangements with FEP or third parties to receive Gas from or deliver Gas to FEP at the agreed upon point(s); provided, however, that such arrangements shall be compatible with the operating conditions of FEP's pipeline System and the scheduling and curtailment priorities in the General Terms and Conditions of FEP's FERC Gas Tariff and shall provide for coordinated scheduling with FEP.

12. Service rendered hereunder shall be subject to scheduling and curtailment or interruption in accordance with Rate Schedule PALS and the General Terms and Conditions of FEP's FERC Gas Tariff. In the event FEP is unable to provide the quantities of Rate Schedule PALS service requested by all Shippers under Rate Schedule PALS, then FEP shall allocate the available service among such Shippers in accordance with Rate Schedule PALS.

13. FEP shall render Park and Loan services to Shipper at the Point(s) agreed to by FEP and Shipper.

14. Any or all of the following provisions may be included (where applicable) in the PALS Agreement and/or in any related Negotiated Rate, or discount contracts, if any:

a. (DISCOUNTED RATE AGREEMENTS ONLY) Applicable Maximum and Minimum Tariff Rates. Notwithstanding any other provision of this Agreement, in no event shall a discounted rate billed by FEP be less than the applicable minimum rate or more than the applicable maximum rate set forth in FEP's FERC Gas Tariff, as may be revised from time to time.

b. (NEGOTIATED RATE AGREEMENTS ONLY) Applicable Maximum and Minimum Tariff Rates. Unless otherwise expressly provided in this Agreement, the Negotiated Rates shall apply to service provided by FEP to Shipper for the term of the Agreement notwithstanding any otherwise applicable maximum or minimum rates set forth in FEP's FERC Gas Tariff as may be revised from time to time.

c. Notifications. Except as otherwise may be expressly provided herein, any notice or communication contemplated or required by this Agreement shall be in writing unless oral notification is expressly authorized herein, and shall be sent to the appropriate party at the relevant address set forth in the Transportation Agreement, as may be revised from time to time.

d. (DISCOUNTED RATE AGREEMENTS ONLY) Refunds. In no event shall FEP be required to refund to Shipper any amounts collected for service to which the discounted rate(s) apply, unless the relevant discounted rate billed to Shipper exceeds the corresponding applicable effective maximum rates set forth in FEP's FERC Gas Tariff, as approved by the FERC from time to time.

e. (NEGOTIATED RATE AGREEMENTS ONLY) Refunds. In no event shall FEP be required to refund to Shipper any amounts collected for service to which the Negotiated Rates apply, notwithstanding any otherwise applicable maximum or minimum rate set forth in FEP's FERC Gas Tariff, as may be revised from time to time.

f. (NEGOTIATED RATE AGREEMENTS ONLY) Shipper and FEP understand and agree that this Agreement shall be subject to any and all applicable conditions precedent under FEP's FERC Gas Tariff and the regulations and policies of the FERC, including without limitation any requirements for FEP to file for and receive FERC approval of the Negotiated Rates.

g. Nonwaiver of Rights. No delay or failure to exercise any right or remedy accruing to either FEP or Shipper upon breach or default by the other will impair any right or remedy or be construed to be a waiver of any such breach or default, nor will a waiver of any single breach be deemed a waiver of any other breach or default.

h. Succession and Assignment. In the event any entity succeeds by purchase, merger or consolidation of title to the properties, substantially as an entirety, of Shipper, such entity shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under the Agreement. No other assignment of the Agreement nor of any of the individual rights or obligations hereunder by Shipper shall be effective as to FEP without the prior express written consent of FEP, provided, however, that the Agreement may be assigned by Shipper to a wholly or partially owned affiliate, special purpose joint venture, partnership, or other affiliated entity, including a parent company or partnership, without prior written consent of FEP. The Agreement may be assigned by FEP to a wholly or partially owned affiliate, special purpose joint venture, partnership, or other affiliated entity, including a parent company or partnership.

i. No Third Party Beneficiaries. This Agreement shall not create any rights in any third parties, and no provision of this Agreement shall be construed as creating any obligations for the benefit of, or rights in favor of, any person or entity other than FEP or Shipper.

j. Conformance to Law. It is understood that performance hereunder shall be subject to all valid laws, orders, rules and regulations of duly constituted governmental authorities having jurisdiction or control of the matters related hereto, including without limitation the Federal Energy Regulatory Commission.

k. Effect of Tariff. This Agreement shall at all times be subject to all applicable provisions of FEP's FERC Gas Tariff.

l. GOVERNING LAW. THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF, EXCLUDING ANY CONFLICT OF LAW RULE WHICH WOULD REFER ANY MATTER TO THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF

m. Entire Agreement. This Agreement contains the entire agreement between FEP and Shipper with respect to the subject matter hereof, and supersedes any and all prior understandings and agreements, whether oral or written, concerning the subject matter hereof, and any and all such prior understandings and agreements are hereby deemed to be void and of no effect. No amendments to or modifications of this Agreement

shall be effective unless agreed upon in a written instrument executed by FEP and Shipper which expressly refers to this Agreement.

16. Rate Schedule PALS, as revised from time to time, controls this Agreement and is incorporated herein. The attached is part of this Agreement. THIS AGREEMENT SHALL BE CONSTRUED AND GOVERNED BY THE LAWS OF, AND NO STATE LAW SHALL APPLY TO REACH A DIFFERENT RESULT. This Agreement states the entire agreement between the parties and no waiver, representation or agreement shall affect this Agreement unless it is in writing. Shipper shall provide the actual end user purchaser name(s) to FEP if FEP must provide them to the FERC.

Agreed to by:

FEP

SHIPPER

/s/:
 NAME:
 TITLE:

/s/:
 NAME:
 TITLE:

MARKED VERSION

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~~RESERVED
 CURRENTLY EFFECTIVE RATES
 FOR RATE SCHEDULES FTS AND ITS
 (RATES PER DTH)
 INTERIM PERIOD SERVICE~~

	Maximum 1/	Minimum 1/
Rate Schedule FTS		
Reservation	\$11.25	\$ 0.0000
Commodity	\$ 0.0000	\$ 0.0000
Overrun	\$ 0.3697	\$ 0.0000
Rate Schedule ITS		
Commodity	\$ 0.3697	\$ 0.0000
Overrun	\$ 0.3697	\$ 0.0000
ACA Surcharge 2/		
Unit Charge Pursuant to Section 35 of the General Terms and Conditions	\$ 0.0000	\$ 0.0000

~~1/ Pursuant to paragraph 27 of the Commission's December 17, 2009 Order (129 FERC ¶ 61,235) Issuing Certificates, the applicable Maximum and Minimum rates for any Interim Service downstream of the NGPL delivery point are shown in the Currently Effective Rates for the applicable Rate Schedule.~~

~~2/ Under the Commission's current Regulations, an ACA Charge will become effective on October 1st following assessment of ACA charges by the Commission.~~

RESERVED
~~CURRENTLY EFFECTIVE REIMBURSEMENT PERCENTAGES~~

~~REIMBURSEMENT PERCENTAGES (INTERIM PERIOD SERVICE ONLY)~~

~~REIMBURSEMENT PERCENTAGES LOST AND
UNACCOUNTED FOR GAS:~~ _____ ~~Percentage~~

~~Lost and Unaccounted For Gas~~ _____ ~~0.15%~~

RATE SCHEDULES FTS
FIRM TRANSPORTATION SERVICE

1. **AVAILABILITY**

This Rate Schedule FTS is available to any entity (hereinafter called Shipper) which: (a) submits to Fayetteville Express Pipeline LLC (hereinafter called FEP) a valid request as defined in Section 3 hereof as to which FEP has firm capacity available on all affected portions of its System and the firm operational capability to satisfy; (b) is awarded capacity consistent with the provisions of the Tariff; and (c) executes a Firm Transportation Service Agreement (FTS Agreement) with FEP applicable to service under this Rate Schedule FTS. The form of FTS Agreement is contained in this Tariff. There is no limitation on the number of FTS Agreements any one Shipper may have.

2. **APPLICABILITY, DEFAULTS AND CHARACTER OF SERVICE**

2.1 The transportation service provided under this Rate Schedule FTS shall be performed under Part 284 of the Commission's Regulations. This Rate Schedule FTS shall apply to all Gas transported by FEP for Shipper pursuant to an FTS Agreement. Service hereunder shall be provided on a firm basis. However, service may be interrupted for any of the reasons set out in the applicable provisions of this Tariff. As more fully set out in the General Terms and Conditions of this Tariff, FEP is not providing a supply service under this Rate Schedule.

2.2 FEP shall have the right to waive any one or more specific defaults by any Shipper if such default will not affect the integrity of FEP's System or the quality of service and if the waiver is provided on a basis which is not unduly discriminatory, provided that such waiver is not inconsistent with any applicable Commission Regulations or orders, and provided also that any waiver given to a Shipper by FEP shall be made available to all similarly situated Shippers during the time period when it is in effect. No such waiver shall operate or be construed as a waiver of any other existing or future default or defaults, whether of a like or different character.

2.3 (a) Service hereunder shall consist of the acceptance by FEP of Gas tendered by Shipper or for Shipper's account for transportation at Receipt Points specified in or applicable to the FTS Agreement, the transportation of that Gas through FEP's pipeline System, and the delivery of that Gas by FEP to Shipper or for Shipper's account at the Delivery Points specified in or applicable to the FTS Agreement. FEP shall not be required to accept Gas tendered in excess of the Shipper's Contract MDQ, plus applicable Fuel Gas, Booster Compression Fuel and Lost and Unaccounted For Gas, specified in the FTS Agreement for each Receipt Point or Delivery Point or for the aggregate of all primary Receipt Points or Delivery Points except as provided in Sections 8 and 2.3(b) of this Rate Schedule FTS. Service hereunder shall not encompass gathering services, transportation through the facilities of any third party except in accordance with Section 33 of the General Terms and Conditions of this Tariff, or transportation of liquids.

(b) For physical Delivery Points only, FEP shall reserve up to one hundred and twenty-five percent (125%) of primary Delivery Point capacity under any Firm Transportation agreement as provided herein, and each Shipper has the right to deliver on any Day, on a primary firm basis, up to one hundred and twenty-five percent (125%) of the Point MDQ, at any Primary Delivery Point under Shipper's Agreement, subject to Shipper's total deliveries on any such Day not exceeding the Contract MDQ. Regardless of any primary deliveries nominated above one hundred percent (100%) of the Primary Delivery Point MDQ, the Contract MDQ is the maximum daily quantity of natural gas that FEP is obligated to transport and deliver to Shipper and Shipper is entitled to receive under this Rate Schedule, subject to the provisions of Section 4 of the General Terms and Conditions of this Tariff. To the extent Shipper desires to change the Point MDQ at any of its primary Delivery Points, such change must be in accordance with Section 2.1(d) of the General Terms and Conditions of the Tariff.

2.4 Shipper shall only tender Gas for transportation under this Rate Schedule to the extent such service would qualify under the applicable statutes, regulations and Commission orders. For transportation to be provided under Subpart B of Part 284 of the Commission's Regulations, Shipper shall provide to FEP certification including sufficient information in order for FEP to verify that the service qualifies under Subpart B of Part 284 of the Regulations. Where required by the Commission's Regulations, Shipper shall cause the intrastate pipeline or local distribution company on whose behalf the service will be provided to submit the necessary certification prior to tendering Gas for transportation.

2.5 Awarding and allocation of capacity and scheduling and curtailment are all governed by the General Terms and Conditions of this Tariff.

2.6 Shipper may release capacity dedicated to service under Shipper's FTS Agreement(s) hereunder pursuant to FEP's Capacity Release Program to the extent permitted by, and subject to the terms and conditions contained in, the General Terms and Conditions of this Tariff.

3. VALID REQUESTS

3.1 A request for service under this Rate Schedule FTS shall be valid as of the date received if it complies with this Section 3.1 and contains adequate information on all of the items specified in Section 3.2, subject to any necessary verification of such information and to the following:

(a) A request shall not be valid and FEP shall not be required to grant any such request: (1) for which adequate capacity is not available on any portion of FEP's System necessary to provide such service; (2) as to which FEP does not have the operational capability to effect receipt, transportation and/or delivery on a firm basis consistent with the terms and conditions of this Rate Schedule FTS; (3) which would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that FEP may agree on a basis not unduly

discriminatory to construct, modify, expand, or acquire facilities to enable it to perform such services; (4) unless and until Shipper has provided FEP with the information required in Section 3.2 hereof; (5) if FEP determines, based on the credit analysis referenced in Section 3.2(f), that Shipper does not possess sufficient financial stability to make it reasonably likely the service provided hereunder will be paid for on a timely basis; (6) if the service requested would not comply with this Rate Schedule FTS; or (7) if the service requested is at less than the applicable maximum rate; provided, however, that FEP may agree to provide service hereunder at a discount or at a Negotiated Rate ~~or under a Negotiated Rate Formula~~, consistent with this Rate Schedule FTS and the applicable General Terms and Conditions of this Tariff. Nothing herein is intended to govern the scheduling or curtailment of service once a request for service has been granted pursuant to this Section and while an FTS Agreement is in effect. Such scheduling and/or curtailment are governed by the General Terms and Conditions of this Tariff.

(b) Any request must be complete and comply with this Rate Schedule FTS. FEP shall promptly notify Shipper if it cannot satisfy an otherwise valid request, in whole or in part, due to lack of capacity or System capability or if the request is incomplete or does not comply with this Rate Schedule FTS. If a request is not complete, FEP shall inform Shipper in writing of the specific items needed to complete the FTS Agreement, after which Shipper shall have fifteen (15) days to provide the specified information. In the event such information is not received by FEP within fifteen (15) days, Shipper's request shall be null and void.

(c) FEP shall tender an FTS Agreement to Shipper for execution when Shipper's request for service is accepted. Shipper is obligated to execute an FTS Agreement hereunder within ten (10) days after an FTS Agreement has been tendered by FEP for execution in response to a valid request; provided, however, that FEP will waive this time period if the delay is not unreasonable. FEP will post on the Informational Posting portion of its Interactive Website if it declines to waive this time period.

3.2 Requests for service hereunder shall be deemed valid only after the information specified in this Section is provided by Shipper via FEP's Interactive Website or in writing to FEP's Gas Transportation Department, at Market Operations, ~~711 Louisiana-1300 Main~~ Street, ~~Suite 900~~, Houston, Texas 77002, or Telecopy Number (281) 714-2179. The information required for a valid request shall be as follows:

(a) GAS QUANTITIES

The request shall specify in Dth the Contract MDQ for the FTS Agreement and the Point MDQ for each primary Receipt Point and Delivery Point under the FTS Agreement, exclusive of applicable Fuel Gas, Booster Compression Fuel and Lost and Unaccounted For Gas; provided, however, that FEP shall not be obligated to accept requests for a Contract MDQ of less than one hundred (100) Dth per Day. A Shipper shall include in its request, in addition to its Contract MDQ, a quantity of Gas adequate to provide any applicable Fuel Gas, Booster Compression Fuel and Lost and Unaccounted For Gas.

(b) RECEIPT POINT(S)

The request shall specify the primary Point(s) at which Shipper desires FEP to receive Gas and the Point MDQ for each such point, which specification must be consistent with this Tariff.

(c) DELIVERY POINT(S)

The request shall specify the primary Point(s) at which Shipper desires FEP to deliver Gas and the Point MDQ for each such Point, which specification must be consistent with this Tariff.

(d) LIMITATION OF POINTS

A Shipper may request any number of primary Receipt and primary Delivery Points so long as the summation of the Point MDQs at all primary Receipt Points and at all primary Delivery Points equals the Contract MDQ for the FTS Agreement, except as permitted by Section 2.3(b) of this Rate Schedule, and the request is consistent with the General Terms and Conditions of this Tariff.

(e) TERM OF SERVICE

The request shall specify:

- (1) The date service is requested to commence; and
- (2) The date service is requested to terminate.

(f) CREDIT

Acceptance of a request is contingent upon an evaluation of credit by FEP in accordance with Section 12 of the General Terms and Conditions of this Tariff.

(g) COMPLIANCE WITH FTS TARIFF

Submission of a request for service hereunder shall be deemed agreement by Shipper that it will abide by the terms and conditions of this Rate Schedule FTS, including the applicable General Terms and Conditions.

(h) COMMISSION-REQUIRED FILING INFORMATION

The following information is to be provided at the time a request for service hereunder is submitted, if available, or when an initial nomination for service under an executed FTS Agreement is submitted, and when any subsequent changes occur:

(1) Affiliation of the Shipper with FEP; and

(2) The identity of the Shipper, including whether it is a local distribution company, an interstate pipeline company, an intrastate pipeline company, an end user, a producer, or a marketer.

4. TERM

(a) The term of service hereunder shall be set forth in the FTS Agreement between Shipper and FEP.

(b) The General Terms and Conditions of this Tariff shall govern the applicability of, and the terms and conditions relating to, rollovers and the right of first refusal vis a vis an FTS Agreement. Upon termination of any FTS Agreement, and subject to any such rollover or right of first refusal, service by FEP to Shipper thereunder shall be terminated and automatically abandoned.

5. RATE

5.1 (a) Shipper shall pay FEP each Month under this Rate Schedule FTS a charge as set out in this Tariff consisting of: (i) a Reservation Charge, based on Shipper's Contract MDQ, which consists of the ~~B~~base ~~M~~monthly ~~R~~reservation ~~R~~rate; and (ii) a Commodity Charge for each Dth of Gas ~~received for transportation~~transported.

(b) Shipper shall also pay, where applicable, other charges provided for in this Tariff, including but not limited to ~~B~~balancing ~~S~~service ~~C~~charges.

(c) Where a Shipper has agreed to pay a Negotiated Rate~~—or a rate under a Negotiated Rate Formula~~, the rates assessed hereunder shall be governed by Section 30 of the General Terms and Conditions of this Tariff.

5.2 Shipper shall reimburse FEP for Fuel Gas and for Lost and Unaccounted For Gas as provided by Section 36 of the General Terms and Conditions of this Tariff. Separate rates are set for Fuel Gas and for Lost and Unaccounted For Gas for all volumes transported. ~~Separate Fuel Gas and Lost and Unaccounted For Gas rates will be set out for Interim Period Services.~~ In addition, a separate incremental Booster Compression Fuel charge is set forth for point(s) where Booster Compression applies. Such rates are determined pursuant to Section 36 of the General Terms and Conditions. Certain Shippers may have their Fuel Gas amounts capped pursuant to arrangements under Section 30 of the General Terms and Conditions of this Tariff (relating to Negotiated Rates).

5.3 (a) Unless otherwise agreed by contract, Shipper shall reimburse FEP within thirty (30) days after costs have been incurred by FEP for all fees required by the FERC or any regulatory body including, but not limited to, filing, reporting, and application fees to the extent

such fees are specifically related to service for that Shipper hereunder and are not generally applicable fees (such as general rate case filing fees).

(b) Unless otherwise agreed by contract, if FEP constructs, acquires or modifies any facilities to perform service hereunder, then, to the extent provided in Section 5 of the General Terms and Conditions of this Tariff and pursuant to a separate agreement, either:

(1) Shipper shall reimburse FEP for the cost of such facilities or facility modifications as described in the General Terms and Conditions of this Tariff; or

(2) FEP shall assess a Monthly charge reflecting such facility costs.

5.4 The ACA charge will be assessed, when applicable, as provided in the General Terms and Conditions of this Tariff, on volumes ~~received~~ transported by FEP ~~from~~ Shipper under this Rate Schedule FTS.

5.5 (a) Unless otherwise provided by contract, FEP shall have the unilateral right to file with any appropriate regulatory authority and make changes effective in: (1) the rates and charges applicable under this Rate Schedule FTS, including both the level and design of such rates and charges; or (2) the terms and conditions of this Rate Schedule FTS, including the applicable General Terms and Conditions.

(b) If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises allows or permits FEP to collect, or to negotiate to collect, a higher rate for the service hereunder, the rate shall be increased to the highest such rate unless the FTS Agreement or a separate discount, or Negotiated Rate ~~or Negotiated Rate Formula~~ agreement provides that the rate established in such an agreement shall not be subject to such modification or increase. Should additional documentation be required in order for FEP to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) days after a written request by FEP. If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises requires FEP to charge a lower rate for transportation service hereunder, the rate shall be decreased to such reduced rate except as otherwise agreed under Section 5.1(b) of this Rate Schedule and Section 30 of the General Terms and Conditions of this Tariff (as to Negotiated Rate ~~or Negotiated Rate Formula~~ agreements).

5.6 FEP may, consistent with any provisions on discounting in the FTS Agreement or in a separate discount, or Negotiated Rate ~~or Negotiated Rate Formula~~ agreement, charge any individual Shipper for service under this Rate Schedule FTS a rate which is lower than the applicable maximum rate set forth in this Tariff; provided, however, that such rate may not be less than the applicable minimum rate for service under Rate Schedule FTS set forth in this Tariff except as otherwise provided in Section 30 of the General Terms and Conditions of this Tariff (as to Negotiated Rate ~~or Negotiated Rate Formula~~ agreements). FEP shall file with the Commission any and all reports as required by the Commission's Regulations with respect to the institution or discontinuance of any discount.

5.7 All revenues collected by FEP as a result of providing service under Rate Schedule FTS shall be retained by FEP unless FEP has otherwise explicitly agreed on or the Commission has required a different disposition of such amounts. The Penalty Revenue (Section 9.3) provision of the General Terms and Conditions of this Tariff represents an agreement by FEP on a different disposition of certain revenue.

5.8 FEP shall perform exchanges and backhauls hereunder to the extent firm capacity is available. Exchanges and backhauls shall be subject to the maximum and minimum rates under this Rate Schedule except in the instances where no Fuel Gas is utilized, no Fuel Gas need be charged to Shipper.

6. NOMINATIONS AND IMBALANCES

(a) Shipper shall provide FEP with daily nominations of receipts and deliveries by Receipt and Delivery Point in accordance with the General Terms and Conditions of this Tariff. It shall be Shipper's responsibility to cause Gas to be delivered to FEP at Receipt Point(s), and to cause Gas to be taken from FEP at Delivery Point(s), in accordance with the information supplied to FEP.

(b) FEP will enter into Operational Balancing Agreements (OBAs) (as defined in the General Terms and Conditions of this Tariff) at Receipt Points and/or Delivery Points, in accordance with Section 6.11 of the General Terms and Conditions of this Tariff. Where imbalances are beyond the parameters in an OBA or an OBA is not applicable, however, it shall be Shipper's responsibility to keep receipts and deliveries in balance. FEP may curtail service hereunder to the extent necessary to bring receipts and deliveries into balance and to the extent consistent with Section 10 of the General Terms and Conditions of this Tariff.

7. RECEIPT AND DELIVERY POINTS AND UPSTREAM AND DOWNSTREAM ARRANGEMENTS

(a) Conditions of delivery at Receipt and Delivery Points are set out in the General Terms and Conditions of this Tariff.

(b) Shipper shall make all necessary arrangements with other parties: (1) at or upstream of the Receipt Point(s) where Gas is tendered to FEP hereunder; and (2) at or downstream of the Delivery Point(s) where FEP delivers Gas hereunder to or for the account of Shipper. Such arrangements must be consistent with this Rate Schedule FTS and must be coordinated with FEP.

8. OVERRUN SERVICE AND UNAUTHORIZED OVERRUN GAS

(a) Upon request of Shipper, FEP shall if capacity is available, receive, transport, and deliver on any Day quantities of Gas in excess of Shipper's Contract MDQ and/or Point MDQ under

the FTS Agreement when the capacity and operating capability of its System will permit such receipt, transportation and delivery without impairing the ability of FEP to meet its other obligations of equal or higher priority. In granting requests for overrun service, FEP shall act in a manner consistent with the service priorities set out in the General Terms and Conditions of this Tariff. Shipper shall pay FEP the applicable rate for Authorized Overrun Service set forth in this Tariff.

(b) For Unauthorized Overrun Gas, Shipper shall pay FEP the charges for Unauthorized Overrun Gas set out in Section 9.2 of the General Terms and Conditions of this Tariff.

9. GENERAL TERMS AND CONDITIONS

The provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule FTS and shall apply to service rendered hereunder as though stated herein.

RATE SCHEDULE ITS
INTERRUPTIBLE TRANSPORTATION SERVICE

1. AVAILABILITY

This Rate Schedule ITS is available to any entity (hereinafter called Shipper) which: (a) submits to Fayetteville Express Pipeline LLC (hereinafter called FEP) a valid request as defined in Section 3 hereof; and (b) executes an Interruptible Transportation Service Agreement (ITS Agreement) with FEP applicable to service under this Rate Schedule ITS. The form of ITS Agreement is contained in this Tariff. There is no limitation on the number of ITS Agreements any one Shipper may have.

2. APPLICABILITY, CHARACTER AND PRIORITY OF SERVICE

2.1 This Rate Schedule ITS defines an interruptible transportation service. This Rate Schedule ITS shall apply to all Gas ~~received-transported~~ by FEP for Shipper pursuant to an ITS Agreement. As more fully set out in the General Terms and Conditions of this Tariff, FEP is not providing a supply service under this Rate Schedule ITS.

2.2 FEP shall have the right to waive any one or more specific defaults by any Shipper if such default will not affect the integrity of FEP's System or the quality of service and if the waiver is provided on a basis which is not unduly discriminatory, provided that such waiver is not inconsistent with any applicable Commission Regulations or orders, and provided also that any waiver given to a Shipper by FEP shall be made available to all similarly situated Shippers during the time period when it is in effect. No such waiver shall operate or be construed as a waiver of any other existing or future default or defaults, whether of a like or different character.

2.3 Service hereunder shall consist of the acceptance by FEP of Gas from or for the account of Shipper at Receipt Point(s) under the ITS Agreement, the transportation of that Gas through FEP's System, and the delivery of that Gas by FEP to Shipper or for Shipper's account at Delivery Point(s) under the ITS Agreement. FEP shall not be required: (a) to accept on any Day Gas tendered, or to deliver on any Day Gas requested, in excess of the Contract MDQ, plus applicable Fuel Gas, Booster Compression Fuel and Lost and Unaccounted For Gas, specified in the ITS Agreement, except as provided in Section 8 of this Rate Schedule ITS; or (b) to accept or deliver on any Day Gas hereunder which is not properly nominated pursuant to and to the extent required by the General Terms and Conditions of this Tariff. Service hereunder shall not encompass gathering services, transportation through the facilities of any third party, except in accordance with Section 33 of the General Terms and Conditions of this Tariff or transportation of liquids.

2.4 The service provided under this Rate Schedule ITS shall be performed under Part 284 of the Commission's Regulations. Shipper shall only tender Gas for transportation under this Rate Schedule ITS to the extent such service would qualify under the applicable statutes, regulations, Commission orders and the blanket certificate authorizing service by FEP under this

Rate Schedule. For service under Subpart B of Part 284 of the Commission's Regulations, Shipper shall provide to FEP appropriate certification, including sufficient information in order for FEP to verify that the service qualifies under Subpart B of Part 284 of the Commission's Regulations. Where required by the Commission's Regulations, Shipper shall (prior to tendering Gas under an ITS Agreement) cause the intrastate pipeline or local distribution company on whose behalf the service will be provided to submit the necessary certification.

2.5 Service hereunder is provided on an interruptible basis. Scheduling and curtailment are governed by the General Terms and Conditions of this Tariff.

3. VALID REQUESTS

3.1 A request for service under this Rate Schedule ITS shall be valid as of the date received if it complies with this Section and contains adequate information on all of the items specified in Section 3.2, subject to any necessary verification of such information and to the following:

(a) A request shall not be valid and FEP shall not be required to grant any such request: (1) which would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that FEP may agree on a basis not unduly discriminatory to construct, modify, expand, or acquire facilities to enable it to perform such services; (2) unless and until Shipper has provided FEP with the information required in Section 3.2 hereof; (3) if FEP determines, based on the credit analysis referenced in Section 3.2(d), that Shipper does not possess sufficient financial stability to make it reasonably likely the service provided hereunder will be paid for on a timely basis; (4) if the service requested would not comply with this Rate Schedule ITS; or (5) if the service requested is at less than the applicable maximum rate; provided, however, that FEP may agree to provide service hereunder at a discount or at a Negotiated Rate ~~or under a Negotiated Rate Formula~~, consistent with this Rate Schedule ITS and the applicable General Terms and Conditions of this Tariff. Nothing herein is intended to govern the scheduling or curtailment of service once a request for service has been granted pursuant to this Section and while an ITS Agreement is in effect. Such scheduling and/or curtailment are governed by the General Terms and Conditions of this Tariff.

(b) Any request must be complete and comply with this Rate Schedule ITS. FEP shall promptly notify Shipper if it cannot satisfy an otherwise valid request, in whole or in part, due to any of the reasons set out in Section 3.1(a) or if the request is incomplete or does not comply with this Rate Schedule ITS. If a request is not complete, FEP shall inform Shipper in writing of the specific items needed to complete the ITS Agreement, after which Shipper shall have fifteen (15) days to provide the specified information. In the event such information is not received by FEP within fifteen (15) days, Shipper's request shall be null and void.

(c) FEP shall tender an ITS Agreement to Shipper for execution when Shipper's request for service is accepted. Unless waived by FEP, a request for service shall be invalid if Shipper fails to execute an ITS Agreement hereunder within ten (10) days after an ITS Agreement

has been tendered by FEP for execution; provided, however, that FEP shall waive this time requirement if the delay is not unreasonable.

3.2 Requests for service hereunder shall be deemed valid only after the following information is provided by Shipper via FEP's Interactive Website or in writing to FEP's Gas Transportation Department, at Market Operations, 711 Louisiana Street, Suite 900, Houston, Texas 77002, or Telecopy Number (281) 714-2179:

(a) GAS QUANTITIES

The request shall specify in Dth the Contract MDQ, exclusive of applicable Fuel Gas, Booster Compression Fuel and Lost and Unaccounted For Gas; provided, however, that FEP shall not be obligated to accept requests for a Contract MDQ of less than one hundred (100) Dth per Day. A Shipper shall include in its request, in addition to its Contract MDQ, a quantity of Gas adequate to provide any applicable Fuel Gas, Booster Compression Fuel and Lost and Unaccounted For Gas.

(b) AVAILABILITY OF POINTS

(1) A Shipper may utilize all available Receipt and Delivery Points on FEP's System, under any ITS Agreement, as more fully set out in the General Terms and Conditions of this Tariff.

(2) The available quantity and priorities at any Point shall be governed by the General Terms and Conditions of this Tariff.

(c) TERM OF SERVICE

The request shall specify:

(1) The date service is requested to commence, and

(2) The date service is requested to terminate.

(d) CREDIT

Acceptance of a request is contingent upon an evaluation of credit by FEP in accordance with the General Terms and Conditions of this Tariff.

(e) COMPLIANCE WITH ITS TARIFF

Submission of a request for service hereunder shall be deemed agreement by Shipper that it will abide by the terms and conditions of this Rate Schedule ITS, including the applicable General Terms and Conditions.

(f) COMMISSION-REQUIRED FILING INFORMATION

The following information is to be provided at the time a request for service hereunder is submitted, if available, or when an initial nomination for transportation under an executed ITS Agreement is submitted, and when any subsequent changes occur:

(1) Affiliation of the Shipper with FEP; and

(2) The identity of the Shipper, including whether it is a local distribution company, an interstate pipeline company, an intrastate pipeline company, an end user, a producer, or a marketer.

4. TERM

(a) The term of service hereunder shall be set forth in the ITS Agreement between Shipper and FEP, subject to any rollover rights consistent with Section 16 of the General Terms and Conditions of the Tariff. FEP may terminate the ITS Agreement if Shipper fails to cause Gas to be delivered during any twelve (12) consecutive calendar Months when capacity is available, unless Shipper's failure to deliver Gas was attributable to circumstances of Force Majeure.

(b) Upon termination of any ITS Agreement, service by FEP to Shipper thereunder shall be terminated and automatically abandoned unless otherwise provided by contract pursuant to Section 16 of the General Terms and Conditions of this Tariff.

5. RATE

5.1 (a) Shipper shall pay FEP each Month under this Rate Schedule ITS a one-part Commodity Charge as set out in this Tariff for each Dth of Gas ~~received for transportation~~, together with such other charges as are identified in this Tariff. The maximum Monthly Commodity Charges, as applicable, shall be the applicable maximum unit rate set out in this Tariff multiplied by the quantity of Gas actually ~~delivered to~~ transported by FEP ~~for Shipper~~ during the billing Month. ~~For Interim Period Service, different rates apply as set out in this Tariff.~~

(b) Shipper shall also pay, where applicable, other charges set forth in this Tariff, including but not limited to Balancing Service Charges.

(c) Where a Shipper has agreed to pay a Negotiated Rate ~~or a rate under a Negotiated Rate Formula~~, the rates assessed hereunder shall be governed by Section 30 of the General Terms and Conditions of this Tariff.

5.2 Shipper shall reimburse FEP for applicable Fuel Gas and for Lost and Unaccounted For Gas as provided by Section 36 of the General Terms and Conditions. Separate Fuel Gas and Lost and Unaccounted For Gas rates will be set for all volumes transported. ~~Separate Fuel Gas and~~

~~Lost and Unaccounted For Gas rates will be set out for Interim Period Services.~~ In addition, a separate incremental Booster Compression Fuel charge is set forth for point(s) where Booster Compression applies.

5.3 (a) Unless otherwise agreed by contract, Shipper shall reimburse FEP within thirty (30) days after costs have been incurred by FEP for all fees required by the FERC or any regulatory body including, but not limited to, filing, reporting, and application fees to the extent such fees are specifically related to service for that Shipper hereunder and are not generally applicable fees (such as general rate case filing fees).

(b) Unless otherwise agreed by contract, if FEP constructs, acquires or modifies any facilities (excluding Expansion Facilities) to perform service hereunder, then, to the extent provided in Section 5 of the General Terms and Conditions of this Tariff and pursuant to a separate agreement, either:

(1) Shipper shall reimburse FEP for the cost of such facilities or facility modifications as described in the General Terms and Conditions of this Tariff; or

(2) FEP shall assess a Monthly charge reflecting such facility costs.

5.4 The ACA charge will be assessed, when applicable, as provided in the General Terms and Conditions of this Tariff, on volumes ~~received-transported~~ by FEP ~~for~~ Shipper under this Rate Schedule ITS.

5.5 (a) Unless otherwise provided by contract, FEP shall have the unilateral right to file with any appropriate regulatory authority and make changes effective in: (1) the rates and charges applicable under this Rate Schedule ITS, including both the level and design of such rates and charges; or (2) the terms and conditions of this Rate Schedule ITS, including the applicable General Terms and Conditions.

(b) If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises allows or permits FEP to collect, or to negotiate to collect, a higher rate for the service hereunder, the rate shall be increased to the highest such rate unless the ITS Agreement or a separate discount, Negotiated Rate ~~or Negotiated Rate Formula~~ agreement provides that the rate established in such an agreement shall not be subject to such a modification or increase. Should additional documentation be required in order for FEP to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) days after a written request by FEP. If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises requires FEP to charge a lower rate for transportation service hereunder, the rate shall be decreased to such reduced rate except as otherwise agreed under Section 5.1(~~bc~~) of this Rate Schedule and Section 30 of the General Terms and Conditions of this Tariff (as to Negotiated Rate ~~or Negotiated Rate Formula~~ agreements).

5.6 FEP may, consistent with any provisions on discounting in the ITS Agreement or in a separate discount, Negotiated Rate ~~or Negotiated Rate Formula~~ agreement, charge any individual

Shipper for service under this Rate Schedule ITS a rate which is lower than the applicable maximum rate set forth in this Tariff; provided, however, that such rate may not be less than the applicable minimum rate for service under Rate Schedule ITS set forth in this Tariff except as otherwise provided in Section 30 of the General Terms and Conditions of this Tariff (as to Negotiated Rate ~~or Negotiated Rate Formula~~ agreements). FEP shall file with the Commission any and all reports as required by the Commission's Regulations with respect to the institution or discontinuance of any discount.

5.7 All revenues collected by FEP as a result of providing service under Rate Schedule ITS shall be retained by FEP unless FEP has otherwise explicitly agreed on or the Commission has required a different disposition of such amounts. The Penalty Revenue (Section 9.3) provision in the General Terms and Conditions of this Tariff represents an agreement by FEP on a different disposition of certain revenue.

5.8 FEP shall perform exchanges and backhauls hereunder to the extent capacity is available. Exchanges and backhauls shall be subject to the maximum and minimum rates under this Rate Schedule except in the instances where no Fuel is utilized, no Fuel Gas need be charged to Shipper.

6. NOMINATIONS AND IMBALANCES

(a) Shipper shall provide FEP with daily nominations of receipts and deliveries by Receipt and Delivery Point in accordance with the General Terms and Conditions of this Tariff. It shall be Shipper's responsibility to cause Gas to be delivered to FEP at Receipt Point(s), and to cause Gas to be taken from FEP at Delivery Point(s), in accordance with the information supplied to FEP.

(b) FEP will enter into OBAs (as defined in the General Terms and Conditions of this Tariff) at Receipt Points and/or Delivery Points, in accordance with Section 6.11 of the General Terms and Conditions of this Tariff. Where imbalances are beyond the parameters in an OBA or where an OBA is not applicable, however, it shall be Shipper's responsibility to keep receipts and deliveries in balance. FEP may curtail service hereunder to the extent necessary to bring receipts and deliveries into balance and to the extent consistent with Section 10 of the General Terms and Conditions of this Tariff.

7. RECEIPT AND DELIVERY POINTS AND UPSTREAM AND DOWNSTREAM ARRANGEMENTS

(a) Conditions of delivery at Receipt and Delivery Points are set out in the General Terms and Conditions of this Tariff.

(b) Shipper shall make all necessary arrangements with other parties: (1) at or upstream of the Receipt Point(s) where Gas is tendered to FEP hereunder; and (2) at or downstream of the

Delivery Point(s) where FEP delivers Gas hereunder to or for the account of Shipper. Such arrangements must be consistent with this Rate Schedule ITS and must be coordinated with FEP.

8. OVERRUN SERVICE AND UNAUTHORIZED OVERRUN GAS

(a) Upon request of Shipper, FEP shall if capacity is available receive, transport, and deliver on any Day quantities of Gas in excess of Shipper's Contract MDQ under the ITS Agreement when the capacity and operating capability of its System will permit such receipt, transportation and delivery without impairing the ability of FEP to meet its other obligations of equal or higher priority. In granting requests for Authorized Overrun Service, FEP shall act in a manner consistent with the service priorities set out in the General Terms and Conditions of this Tariff. Shipper shall pay FEP the applicable rate for Authorized Overrun Service set forth in this Tariff.

(b) For Unauthorized Overrun Gas, Shipper shall pay FEP the charges for Unauthorized Overrun Gas set out in Section 9.2 of the General Terms and Conditions of this Tariff.

9. GENERAL TERMS AND CONDITIONS

The provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule ITS and shall apply to service rendered hereunder as though stated herein.

RATE SCHEDULES PALS
PARK AND LOAN SERVICE

1. AVAILABILITY

This Rate Schedule PALS is available for interruptible park and loan service to provide parks and loans of Gas for any entity (hereinafter called Shipper) which: (a) submits to Fayetteville Express Pipeline LLC (hereinafter called FEP) a valid request as defined in Section 3 hereof; and (b) executes an Interruptible Park and Loan Service Agreement (PALS Agreement) with FEP applicable to service under this Rate Schedule PALS. The form of PALS Agreement is contained in this Tariff. With respect to any specific park and loan service under this Rate Schedule PALS, FEP must have determined that it is operationally able to render such service; and Shipper and FEP must have executed a Request Order for such service under a PALS Agreement.

2. APPLICABILITY, CHARACTER AND PRIORITY OF SERVICE

2.1 This Rate Schedule PALS defines an interruptible park and loan service. This Rate Schedule PALS shall apply to all Gas ~~received-parked or loaned~~ by FEP for Shipper pursuant to a PALS Agreement. As more fully set out in the General Terms and Conditions of this Tariff, FEP is not providing a supply service under this Rate Schedule PALS.

2.2 (a) Service under this Rate Schedule shall be provided on an interruptible basis as follows:

(1) Park Service. Park service shall consist of FEP's receipt of a quantity of Gas at the designated Receipt Point(s) and/or Pooling Point(s) on the designated date(s), requested by Shipper under a PALS Request Order and approved by FEP, FEP's holding of such parked quantity of Gas for Shipper's account and FEP's redelivery of the parked quantity of Gas to Shipper at the designated Delivery Point(s) and/or Pooling Point(s) and on the designated date(s) set forth in such PALS Request Order.

(2) Loan Service. Loan service shall consist of FEP's lending a specified quantity of Gas, requested by Shipper and approved by FEP, on the designated date(s) at designated Delivery Point(s) and/or Pooling Point(s) set forth in Shipper's PALS Request Order and the Shipper's redelivery of and FEP's acceptance of such quantities of Gas for Shipper's account at the designated Receipt Point(s) and/or Pooling Point(s) on the designated date(s) set forth in such PALS Request Order.

(b) Service under this Rate Schedule shall be provided for a minimum of a one (1) Day term and a maximum term as established by the mutual agreement of FEP and the Shipper; provided, however, such term may be suspended or extended by FEP at FEP's sole discretion. The term of each Park or Loan arrangement with Shipper shall be set forth in the Request Order. The form of the Request Order is attached to the PALS Agreement executed between Shipper and FEP.

(c) Transportation of Gas quantities for or on behalf of Shipper to or from the designated Point(s) of Service under the PALS Agreement will not be performed under this Rate Schedule. Shipper shall make any necessary arrangements with FEP and/or third Parties to receive or deliver Gas quantities at the designated points for Park or Loan service hereunder. Such arrangements must be compatible with the operating conditions of FEP's System.

(d) Service under this Rate Schedule shall be scheduled and confirmed consistent with the General Terms and Conditions of this Tariff.

2.3 The service provided under this Rate Schedule PALS shall be performed under Part 284 of the Commission's Regulations. Shipper shall only tender or receive Gas for service under this Rate Schedule PALS to the extent such service would qualify under the applicable statutes, regulations, Commission orders and the blanket certificate authorizing service by FEP under this Rate Schedule. For service under Subpart B of Part 284 of the Commission's Regulations, Shipper shall provide to FEP appropriate certification, including sufficient information in order for FEP to verify that the service qualifies under Subpart B of Part 284 of the Regulations. Where required by the Commission's Regulations, Shipper shall (prior to tendering or receiving Gas under a PALS Agreement) cause the intrastate pipeline or local distribution company on whose behalf the service will be provided to submit the necessary certification.

2.4 FEP shall have the right to waive any one or more specific defaults by any Shipper if such default will not affect the integrity of FEP's System or the quality of service and if the waiver is provided on a basis which is not unduly discriminatory, provided that such waiver is not inconsistent with any applicable Commission Regulations or orders, and provided also that any waiver given to a Shipper by FEP shall be made available to all similarly situated Shippers during the time period when it is in effect. No such waiver shall operate or be construed as a waiver of any other existing or future default or defaults, whether of a like or different character.

3. REQUESTS FOR SERVICE

3.1 VALID REQUEST

A request for service under this Rate Schedule PALS shall be valid as of the date received if it complies with this Section and contains adequate information on all of the items specified in Section 3.2, subject to any necessary verification of such information and to the following:

(a) A request shall not be valid and FEP shall not be required to grant any such request: (1) which would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that FEP may agree on a basis not unduly discriminatory to construct, modify, expand, or acquire facilities to enable it to perform such services; (2) unless and until Shipper has provided FEP with the information required in Section 3.2 hereof; (3) if FEP determines, based on the credit analysis referenced in Section 3.2(c), that Shipper does not possess sufficient financial stability to make it reasonably likely the service provided hereunder will be paid

for on a timely basis; (4) if the service requested would not comply with this Rate Schedule PALS; or (5) if the service requested is at less than the applicable maximum rate; provided, however, that FEP may agree to provide service hereunder at a discount or at a Negotiated Rate ~~or under a Negotiated Rate Formula~~, consistent with this Rate Schedule PALS and the applicable General Terms and Conditions of this Tariff. Nothing herein is intended to govern the scheduling or curtailment of service once a request for service has been granted pursuant to this Section and while the PALS Agreement is in effect. Such scheduling and/or curtailment are governed by the General Terms and Conditions of this Tariff.

(b) Any request must be complete and comply with this Rate Schedule PALS. FEP shall promptly notify Shipper if it cannot satisfy an otherwise valid request, in whole or in part, due to any of the reasons set out in Section 3.1(a) or if the request is incomplete or does not comply with this Rate Schedule PALS. If a request is not complete, FEP shall inform Shipper in writing of the specific items needed to complete the PALS Agreement, after which Shipper shall have fifteen (15) days to provide the specified information. In the event such information is not received by FEP within fifteen (15) days, Shipper's request shall be null and void.

(c) FEP shall tender a PALS Agreement to Shipper for execution when Shipper's request for service is accepted. Unless waived by FEP, a request for service shall be invalid if Shipper fails to execute a PALS Agreement hereunder within ten (10) days after the PALS Agreement has been tendered by FEP for execution; provided, however, that FEP shall waive this time requirement if the delay is not unreasonable. FEP will post on the Informational Posting portion of its Interactive Website if it declines to waive the time period.

3.2 REQUIRED INFORMATION

Requests for service hereunder shall be deemed valid only after the following information is provided by Shipper via FEP's Interactive Website or in writing to FEP's Gas Transportation Department, at Market Operations, 711 Louisiana Street, Suite 900, Houston, Texas 77002, or Telecopy Number (281) 714-2179:

(a) GAS QUANTITIES

The request shall specify in Dth the Maximum Aggregate Quantity (MAQ) and the MDQ of Gas to be parked and/or loaned, provided, however, that FEP shall not be obligated to accept requests for an MDQ or MAQ of less than one hundred (100) Dth per Day.

(b) TERM OF SERVICE

The request shall specify:

- (1) The date service is requested to commence, and
- (2) The date service is requested to terminate.

(c) CREDIT

Acceptance of a request is contingent upon a satisfactory credit appraisal by FEP in accordance with the General Terms and Conditions of this Tariff.

(d) COMPLIANCE WITH TARIFF

Submission of a request for service hereunder shall be deemed agreement by Shipper that it will abide by the terms and conditions of this Rate Schedule PALS, including the applicable General Terms and Conditions.

(e) COMMISSION-REQUIRED FILING INFORMATION

The following information is to be provided at the time a request for service hereunder is submitted, if available, or when an initial nomination for transportation under an executed PALS Agreement is submitted, and when any subsequent changes occur:

(1) Affiliation of the Shipper with FEP; and

(2) The identity of the Shipper, including whether it is a local distribution company, an interstate pipeline company, an intrastate pipeline company, an end user, a producer, or a marketer.

3.3 REQUEST ORDER

To implement a specific park and/or loan transaction, FEP and the Shipper with a PALS Agreement in effect shall enter into a PALS Request Order. The PALS Request Order shall include the following items:

(a) SERVICE TYPE/PALS AGREEMENT

The PALS Request Order must specify that it relates to service under Rate Schedule PALS and must specify the PALS Agreement to which the PALS Request Order relates.

(b) GAS QUANTITIES

The PALS Request Order shall specify in Dth the MAQ (for such specific transaction, the “MAQ RO”) and the MDQ (for such specific transaction, the “MDQ RO”) of Gas to be parked and/or loaned under the specific transaction; provided that the sum of all MAQ ROs and Contract MDQ ROs under all pending PALS Request Orders cannot exceed the MAQ and Contract MDQ under the applicable PALS Agreement. The PALS Request Order shall specify the minimum daily and aggregate quantities and shall set out a park and/or loan schedule containing the quantity and timing information specified in this Rate Schedule.

(c) POINTS

The PALS Request Order shall specify the Point(s) at which Gas is to be parked or loaned. Any mutually agreeable Point(s) on FEP's System, including Pooling Points, may be utilized for service under this Rate Schedule PALS. Unless otherwise mutually agreed, the Point for completion of the park or loan must be the same as the Point at which the park or loan was initiated.

(d) TERM OF SERVICE

The PALS Request Order shall specify:

- (1) The date service is to commence; and
- (2) The date service is to terminate.

The term may include a range of permitted commencement and termination dates for service under the PALS RO, or for any portion of such service. No termination date may extend beyond the term of the PALS Agreement.

(e) SHIPPER CONTACT PERSONNEL

The PALS Request Order shall specify the persons to be contacted by FEP in connection with the PALS Request Order.

(f) RATE

The PALS Request Order shall specify the rates at which the park or loan service will be provided. Rates may vary by time period, quantities or other permissible discounting parameters.

(g) SHIPPER ASSURANCES

Shipper shall provide FEP the assurances required hereunder in connection with each PALS Request Order.

(h) POSTED STANDARDIZED REQUEST ORDERS

In addition to reaching agreement with individual Shippers on the terms of specifically tailored Request Orders, FEP may post the terms of Request Orders it is willing to enter into on a standardized basis with any creditworthy Shipper having quantities of Gas which can be received or delivered at specified Points identified in the posting. Such a standing posting shall specify all the terms of the Request Order and also the rights, if any, for FEP to change the provisions of such a Request Order. Service pursuant to such a posting shall be optional on the part

of any Shipper and requires the execution of a specific Request Order by FEP and the Shipper in the form specified in the posting.

4. TERM

(a) The term of service hereunder shall be set forth in the PALS Agreement between Shipper and FEP, subject to any rollover rights consistent with Section 16 of the General Terms and Conditions of the Tariff.

(b) Upon termination of any PALS Agreement, service by FEP to Shipper thereunder shall be terminated and automatically abandoned unless otherwise provided by contract pursuant to Section 16 of the General Terms and Conditions of this Tariff.

(c) FEP may terminate any PALS Agreement if FEP is required by the FERC or some other agency or court to provide service for others utilizing the interruptible System capacity or capability required for service under such PALS Agreement.

5. RATE

5.1 (a) Unless otherwise mutually agreed by FEP and Shipper, Shipper shall pay FEP under this Rate Schedule PALS a Usage Charge equal to the Daily Access Rate multiplied by the total quantity of Gas either parked or loaned each Day for the account of Shipper during the Month. The maximum Usage Charge for each Day shall be the applicable maximum unit rate set out in this Tariff multiplied by the quantity of Gas parked or loaned in the aggregate (including any balances from previous days) for all Days for the duration of the service provided.

(b) Where a Shipper has agreed to pay a Negotiated Rate ~~or a rate under a Negotiated Rate Formula~~, the rates assessed hereunder shall be governed by Section 30 of the General Terms and Conditions of this Tariff.

5.2 (a) Unless otherwise agreed by contract, Shipper shall reimburse FEP within thirty (30) days after costs have been incurred by FEP for all fees required by the FERC or any regulatory body including, but not limited to, filing, reporting, and application fees to the extent such fees are specifically related to service for that Shipper hereunder and are not generally applicable fees (such as general rate case filing fees).

(b) Unless otherwise agreed by contract, if FEP constructs, acquires or modifies any facilities to perform service hereunder, then, to the extent provided in Section 5 of the General Terms and Conditions of this Tariff and pursuant to a separate agreement, either:

(1) Shipper shall reimburse FEP for the cost of such facilities or facility modifications as described in the General Terms and Conditions of this Tariff; or

(2) FEP shall assess a Monthly charge reflecting such facility costs.

5.3 ~~The ACA Surcharge will be assessed, when applicable, as provided in the General Terms and Conditions of this Tariff, on quantities received by FEP from Shipper under this Rate Schedule PALS.~~

~~5.4~~ (a) Unless otherwise provided by contract, FEP shall have the unilateral right to file with any appropriate regulatory authority and make changes effective in: (1) the rates and charges applicable under this Rate Schedule PALS, including both the level and design of such rates and charges; or (2) the terms and conditions of this Rate Schedule PALS, including the applicable General Terms and Conditions.

(b) If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises allows or permits FEP to collect, or to negotiate to collect, a higher rate for the service hereunder, the rate shall be increased to the highest such rate unless the PALS Agreement or a separate discount, Negotiated Rate ~~or Negotiated Rate Formula~~ agreement provides that the rate established in such an agreement shall not be subject to such a modification or increase. Should additional documentation be required in order for FEP to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) days after a written request by FEP. If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises requires FEP to charge a lower rate for transportation service hereunder, the rate shall be decreased to such reduced rate except as otherwise agreed under Section 5.1(b) of this Rate Schedule and Section 30 of the General Terms and Conditions of this Tariff (as to Negotiated Rate ~~or Negotiated Rate Formula~~ agreements).

~~5.45~~ FEP may, consistent with any provisions on discounting in the PALS Agreement or in a separate discount, Negotiated Rate ~~or Negotiated Rate Formula~~ agreement, charge any individual Shipper for service under this Rate Schedule PALS a rate which is lower than the applicable maximum rate set forth in this Tariff; provided, however, that such rate may not be less than the applicable minimum rate for service under Rate Schedule PALS set forth in this Tariff except as otherwise provided in Section 30 of the General Terms and Conditions of this Tariff (as to Negotiated Rate ~~or Negotiated Rate Formula~~ agreements). FEP shall file with the Commission any and all reports as required by the Commission's Regulations with respect to the institution or discontinuance of any discount.

~~5.56~~ All revenues collected by FEP as a result of providing service under Rate Schedule PALS shall be retained by FEP unless FEP has otherwise explicitly agreed on or the Commission has required a different disposition of such amounts. The Penalty Revenue (Section 9.3) provisions in the General Terms and Conditions of this Tariff represent an agreement by FEP on a different disposition of certain revenue.

6. QUANTITY

Each PALS Request Order shall specify in Dth the MAQ and a daily schedule of the quantities (including the MDQ RO) to be parked and/or loaned under the specific transaction. The daily schedule of returned quantities by the Shipper or FEP shall also be specified in the PALS Request Order. The quantities may be specified as a range of quantities (maximum and minimum aggregate and daily quantities and the related time periods) to be parked and/or loaned and returned, and the schedule may include the flexibility to do either a park or a loan within specified quantity and time limits. The schedule may provide for flexibility in total quantities and in the daily quantities parked and/or loaned, in the timing of the park or the loan (or any portion thereof), in the duration of the park and/or loan (or any portion thereof) and/or the timing of the completion of the park or loan (or any portion thereof) by the return of Gas to the Shipper or to FEP, and shall specify the limits of the flexibility allowed. Subject to the flexibility specified in the PALS Request Order, the MDQ RO shall be the maximum quantity FEP is obligated, on an interruptible basis, to receive from or deliver to Shipper under the PALS Request Order on the specified Day. The MAQ RO shall be the maximum aggregate quantity FEP is obligated to hold or loan for the account of Shipper under the RO. The minimum aggregate and daily quantities to be parked and/or loaned and returned on an interruptible basis shall also be specified in the PALS Request Order. The sum total of a Shipper's MAQ ROs and MDQ ROs shall not exceed the MAQ and Contract MDQ specified in the PALS Agreement. If a Shipper exceeds the Contract MDQ or MAQ in the PALS Agreement or fails to comply with any quantity or timing parameter in the applicable PALS Request Order (unless such failure is due to FEP not confirming a nomination properly submitted), it shall be subject to overrun charges.

7. PALS POINTS OF SERVICE

Subject to the scheduling and curtailment priorities contained in the General Terms and Conditions of this Tariff, FEP will render service under this Rate Schedule at any Point(s) mutually agreeable to FEP and Shipper, including Pooling Points. The Point(s) actually used in any park or loan service will be specified in a PALS Request Order. Gas parked or loaned at any Point must be returned at the same Point unless the parties mutually agree on a different Point for the return and Shipper arranges for any transportation required to the different Point of return.

8. NOMINATIONS

It shall be solely Shipper's responsibility to provide FEP with daily nominations of the quantity of Gas to be received or delivered at the Receipt or Delivery Point(s) within the parameters specified in the applicable PALS Request Order. Nominations for any day or for any nomination cycle must be consistent with the PALS Request Order. It shall also be Shipper's responsibility to cause Gas to be delivered to FEP and to cause Gas to be received from FEP in accordance with the PALS Request Order. Nominations shall be subject to confirmation and scheduling in accordance with the General Terms and Conditions of this Tariff. If a nomination to reverse a park or loan is consistent with the PALS Request Order but cannot be confirmed by FEP, the Shipper must

continue to nominate on subsequent Days until FEP can confirm the nomination, unless the parties agree on a revised PALS Request Order. Differences between confirmed nominations and allocated quantities are subject to Balancing Service Charges under Section 10.8 of the General Terms and Conditions of this Tariff. Overrun charges apply as specified in Section 9.2 of the General Terms and Conditions of this Tariff.

9. UPSTREAM AND DOWNSTREAM ARRANGEMENTS

Shipper shall make all necessary arrangements with upstream or downstream entities. Such arrangements must be consistent with this Rate Schedule PALS and must be coordinated with FEP.

10. ALLOCATION OF SERVICE

Scheduling and curtailment of service hereunder in relation to other services provided by FEP will be governed by the General Terms and Conditions of this Tariff.

11. OPERATIONAL REQUIREMENTS OF FEP

(a) Shipper may be required, upon notification from FEP, to cease or reduce deliveries to, or receipts from, FEP hereunder within the Day consistent with FEP's operating requirements. Further, Shipper may be required to return all or a portion of borrowed quantities or remove all or a portion of parked quantities upon notification by FEP. Such notification may be by written communication, facsimile, telephone or electronic means. FEP's notification shall specify the time frame within which parked quantities shall be removed and/or borrowed quantities shall be returned, consistent with FEP's operating conditions and subject to the scheduling and confirmation of such quantities, but in no event shall the specified time be sooner than the next calendar day after FEP's notification.

(1) In the event that the specified time frame for removal or return of Gas quantities is the next calendar day, the time frame for required removal or return shall begin from the time that Shipper receives actual notice from FEP. Notices provided after business hours for the next calendar day will be provided to Shipper via telephone and electronic means. In the event that Shipper makes a timely nomination in response to notification by FEP to remove parked quantities and/or return borrowed quantities, the obligation of Shipper to comply with the notification shall begin when FEP schedules the nomination; provided, however, Shipper shall exercise best efforts to nominate transportation service on a firm or interruptible basis, as necessary, to Receipt and Delivery Points made available by FEP so as to accommodate, to the greatest extent possible FEP's notification to remove parked quantities and/or return borrowed quantities.

(2) Unless otherwise agreed by Shipper and FEP on a not unduly discriminatory basis:

(i) any parked quantity not removed within the time frame specified by FEP's notice shall be purchased by FEP at 50% of the Average Weekly Index Price (AWIP) that includes the date on which FEP's notice was given;

(ii) any borrowed quantity not returned within the time frame specified by FEP's notice shall be sold to Shipper at 150% of the AWIP for the day on which FEP's notice was given.

(b) In the event parked quantities remain in FEP's System and/or borrowed quantities have not been returned to FEP's System at the expiration of any PALS Request Order executed by Shipper and FEP, FEP and Shipper may negotiate to mutually agree to an extended time frame and/or modified terms, including the rate, of such PALS Request Order. In the event that Shipper and FEP are unable to come to such agreement, FEP shall notify Shipper and Shipper shall remove the parked quantities and/or return the borrowed quantities within the time frame specified in FEP's notice, which in no instance shall be less than one (1) calendar day. During a Critical Time, any parked quantities not removed within the time frame specified by FEP's notice shall be purchased by FEP at 50% of the AWIP. If, however, Shipper is unable to nominate quantities under the PALS Rate Schedule to remove such parked quantities due to an interruption on FEP's System, FEP shall waive the cash amount (i.e., purchase of Gas at 50% of the AWIP) for a term equal to the greater of: (i) five (5) business days; or (ii) the duration of the interruption. Any borrowed quantities not returned within the time frame specified by FEP's notice shall be sold to Shipper at 150% of the AWIP.

During a non-Critical Time, any parked quantities not removed within the time frame specified by FEP's notice shall be purchased at 65% of the AWIP. If, however, Shipper is unable to nominate quantities under the PALS Rate Schedule to remove such parked quantities due to an interruption on FEP's System, FEP shall waive the cash amount (i.e., purchase of Gas at 65% of the AWIP) for a term equal to the greater of: (i) five (5) business days; or (ii) the duration of the interruption. Any borrowed quantities not returned within the time frame specified by FEP's notice shall be sold to Shipper at 135% of the AWIP.

12. OVERRUN SERVICE AND UNAUTHORIZED OVERRUN GAS

(a) Upon request of Shipper, FEP shall if System capability is available accept nominations to park or loan on any Day quantities of Gas in excess of Shipper's MAQ and/or Contract MDQ under the PALS Agreement and the related PALS Request Order when the capacity and operating capability of its System will permit such service without impairing the ability of FEP to meet its other obligations of equal or higher priority. In granting requests for Authorized Overrun Service, FEP shall act in a manner consistent with the service priorities set out in the General Terms and Conditions of this Tariff. Shipper shall pay FEP the applicable rate for Authorized Overrun Service set forth in this Tariff.

(b) For Unauthorized Overrun Gas, Shipper shall pay FEP the charges for Unauthorized Overrun Gas set out in Section 9.2 of the General Terms and Conditions of this Tariff.

13. GENERAL TERMS AND CONDITIONS

The provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule PALS and shall apply to service rendered hereunder as though stated herein.

RATE SCHEDULE HAT HUB AREA TRANSPORTATION

1. AVAILABILITY

This Rate Schedule HAT is available to any entity (hereinafter called Shipper) which: (a) submits to Fayetteville Express Pipeline LLC (hereinafter called FEP) a valid request as defined in Section 3 hereof; and (b) executes a Hub Area Transportation Service Agreement (HAT Agreement) with FEP applicable to service under this Rate Schedule HAT. The form of HAT Agreement is contained in this Tariff. There is no limitation on the number of HAT Agreements any one Shipper may have.

2. APPLICABILITY, CHARACTER AND PRIORITY OF SERVICE

2.1 This Rate Schedule HAT defines an interruptible transportation service available only in the Hub Area. The “Hub Area” includes facilities from mile post 63 to the terminus of FEP’s system in Panola County, Mississippi encompassing certain physical delivery points, and one paper hub point (“Hub Point”) which shall be deemed to be physically located at the terminus of FEP’s system in Panola County, Mississippi. The Hub Area is reflected on the map in currently effective Part 3 of this Tariff. This Rate Schedule HAT shall apply to all Gas ~~received~~-transported by FEP for Shipper pursuant to a HAT Agreement. As more fully set out in the General Terms and Conditions of this Tariff, FEP is not providing a supply service under this Rate Schedule HAT.

2.2 FEP shall have the right to waive any one or more specific defaults by any Shipper if such default will not affect the integrity of FEP’s System or the quality of service and if the waiver is provided on a basis which is not unduly discriminatory, provided that such waiver is not inconsistent with any applicable Commission Regulations or orders, and provided also that any waiver given to a Shipper by FEP shall be made available to all similarly situated Shippers during the time period when it is in effect. No such waiver shall operate or be construed as a waiver of any other existing or future default or defaults, whether of a like or different character.

2.3 Service hereunder shall consist of the acceptance by FEP of Gas from or for the account of Shipper at Receipt Point(s) under the HAT Agreement, the transportation of that Gas through FEP’s System, and the delivery of that Gas by FEP to Shipper or for Shipper’s account at Delivery Point(s) under the HAT Agreement. FEP shall not be required: (a) to accept on any Day Gas tendered, or to deliver on any Day Gas requested, in excess of the Contract MDQ, plus applicable Booster Compression Fuel and Lost and Unaccounted For Gas, specified in the HAT Agreement, except as provided in Section 8 of this Rate Schedule HAT; or (b) to accept or deliver on any Day Gas hereunder which is not properly nominated pursuant to and to the extent required by the General Terms and Conditions of this Tariff. Service hereunder shall not encompass gathering services, transportation through the facilities of any third party, except in accordance with Section 33 of the General Terms and Conditions of this Tariff or transportation of liquids.

2.4 The service provided under this Rate Schedule HAT shall be performed under Part 284 of the Commission's Regulations. Shipper shall only tender Gas for transportation under this Rate Schedule HAT to the extent such service would qualify under the applicable statutes, regulations, Commission orders and the blanket certificate authorizing service by FEP under this Rate Schedule. For service under Subpart B of Part 284 of the Commission's Regulations, Shipper shall provide to FEP appropriate certification, including sufficient information in order for FEP to verify that the service qualifies under Subpart B of Part 284 of the Commission's Regulations. Where required by the Commission's Regulations, Shipper shall (prior to tendering Gas under a HAT Agreement) cause the intrastate pipeline or local distribution company on whose behalf the service will be provided to submit the necessary certification.

2.5 Service hereunder is provided on an interruptible basis. Scheduling and curtailment are governed by the General Terms and Conditions of this Tariff.

2.6 A HAT Shipper may only bring receipts to the Hub Point or Hub Area delivery points from Hub Area receipt points. However, under a separate transportation agreement, a Shipper may bring receipts to the Hub Point or Hub Area delivery points from receipt points located anywhere on the FEP System, as well as from the Pooling Point. A HAT Shipper may only make deliveries from the Hub Point or Hub Area receipt points. However, under a separate transportation agreement, a Shipper may make deliveries from the Hub Point or Hub Area receipt points to delivery points located anywhere on the FEP System.

2.7 A HAT Shipper may transfer Gas to another HAT Shipper at the Hub Point without incurring a transportation charge. Any such transfer receipts must equal transfer deliveries.

3. VALID REQUESTS

3.1 A request for service under this Rate Schedule HAT shall be valid as of the date received if it complies with this Section and contains adequate information on all of the items specified in Section 3.2, subject to any necessary verification of such information and to the following:

(a) A request shall not be valid and FEP shall not be required to grant any such request: (1) which would require the construction, modification, expansion, or acquisition of any facilities; provided, however, that FEP may agree on a basis not unduly discriminatory to construct, modify, expand, or acquire facilities to enable it to perform such services; (2) unless and until Shipper has provided FEP with the information required in Section 3.2 hereof; (3) if FEP determines, based on the credit analysis referenced in Section 3.2(d), that Shipper does not possess sufficient financial stability to make it reasonably likely the service provided hereunder will be paid for on a timely basis; (4) if the service requested would not comply with this Rate Schedule HAT; or (5) if the service requested is at less than the applicable maximum rate; provided, however, that FEP may agree to provide service hereunder at a discount or at a Negotiated Rate ~~or under a Negotiated Rate Formula~~, consistent with this Rate Schedule HAT and the applicable General Terms and Conditions of this Tariff. Nothing herein is intended to govern the scheduling or

curtailment of service once a request for service has been granted pursuant to this Section and while a HAT Agreement is in effect. Such scheduling and/or curtailment are governed by the General Terms and Conditions of this Tariff.

(b) Any request must be complete and comply with this Rate Schedule HAT. FEP shall promptly notify Shipper if it cannot satisfy an otherwise valid request, in whole or in part, due to any of the reasons set out in Section 3.1(a) or if the request is incomplete or does not comply with this Rate Schedule HAT. If a request is not complete, FEP shall inform Shipper in writing of the specific items needed to complete the HAT Agreement, after which Shipper shall have fifteen (15) days to provide the specified information. In the event such information is not received by FEP within fifteen (15) days, Shipper's request shall be null and void.

(c) FEP shall tender a HAT Agreement to Shipper for execution when Shipper's request for service is accepted. Unless waived by FEP, a request for service shall be invalid if Shipper fails to execute a HAT Agreement hereunder within ten (10) days after a HAT Agreement has been tendered by FEP for execution; provided, however, that FEP shall waive this time requirement if the delay is not unreasonable.

3.2 Requests for service hereunder shall be deemed valid only after the following information is provided by Shipper via FEP's Interactive Website or in writing to FEP's Gas Transportation Department, at Market Operations, 711 Louisiana Street, Suite 900, Houston, Texas 77002, or Telecopy Number (281) 714-2179:

(a) GAS QUANTITIES

The request shall specify in Dth the Contract MDQ, exclusive of applicable Booster Compression Fuel and Lost and Unaccounted For Gas; provided, however, that FEP shall not be obligated to accept requests for a Contract MDQ of less than one hundred (100) Dth per Day. A Shipper shall include in its request, in addition to its Contract MDQ, a quantity of Gas adequate to provide any applicable Booster Compression Fuel and Lost and Unaccounted For Gas.

(b) AVAILABILITY OF POINTS

(1) A Shipper may utilize all available Receipt and Delivery Points in the Hub Area under any HAT Agreement, as more fully set out in the General Terms and Conditions of this Tariff. FEP will post the availability of such Points on its Interactive Website, as such posted Points may be revised by FEP. The Hub Point may not be specified as a primary Receipt or Delivery Point.

(2) The available quantity and priorities at any Point shall be governed by the General Terms and Conditions of this Tariff.

(c) TERM OF SERVICE

The request shall specify:

(1) The date service is requested to commence, and

(2) The date service is requested to terminate.

(d) CREDIT

Acceptance of a request is contingent upon an evaluation of credit by FEP in accordance with the General Terms and Conditions of this Tariff.

(e) COMPLIANCE WITH HAT TARIFF

Submission of a request for service hereunder shall be deemed agreement by Shipper that it will abide by the terms and conditions of this Rate Schedule HAT, including the applicable General Terms and Conditions.

(f) COMMISSION-REQUIRED FILING INFORMATION

The following information is to be provided at the time a request for service hereunder is submitted, if available, or when an initial nomination for transportation under an executed HAT Agreement is submitted, and when any subsequent changes occur:

(1) Affiliation of the Shipper with FEP; and

(2) The identity of the Shipper, including whether it is a local distribution company, an interstate pipeline company, an intrastate pipeline company, an end user, a producer, or a marketer.

4. TERM

(a) The term of service hereunder shall be set forth in the HAT Agreement between Shipper and FEP, subject to any rollover rights consistent with Section 16 of the General Terms and Conditions of the Tariff. FEP may terminate the HAT Agreement if Shipper fails to cause Gas to be delivered during any twelve (12) consecutive calendar Months when capacity is available, unless Shipper's failure to deliver Gas was attributable to circumstances of Force Majeure.

(b) Upon termination of any HAT Agreement, service by FEP to Shipper thereunder shall be terminated and automatically abandoned unless otherwise provided by contract pursuant to Section 16 of the General Terms and Conditions of this Tariff.

5. RATE

5.1 (a) Shipper shall pay FEP each Month under this Rate Schedule HAT a one-part Commodity Charge as set out in this Tariff for each Dth of Gas ~~transported~~ ~~received for transportation~~, together with such other charges as are identified in this Tariff. The maximum Monthly Commodity

Charges, as applicable, shall be the applicable maximum unit rate set out in this Tariff multiplied by the quantity of Gas actually ~~transported delivered by to~~ FEP ~~for Shipper~~ during the billing Month.

(b) Shipper shall also pay, where applicable, other charges set forth in this Tariff, including but not limited to Balancing Service Charges.

(c) Where a Shipper has agreed to pay a Negotiated Rate ~~or a rate under a Negotiated Rate Formula~~, the rates assessed hereunder shall be governed by Section 30 of the General Terms and Conditions of this Tariff.

5.2 Shipper shall reimburse FEP for applicable Lost and Unaccounted For Gas as provided by Section 36 of the General Terms and Conditions. A separate incremental Booster Compression Fuel charge is set forth for point(s) where Booster Compression applies.

5.3 (a) Unless otherwise agreed by contract, Shipper shall reimburse FEP within thirty (30) days after costs have been incurred by FEP for all fees required by the FERC or any regulatory body including, but not limited to, filing, reporting, and application fees to the extent such fees are specifically related to service for that Shipper hereunder and are not generally applicable fees (such as general rate case filing fees).

(b) Unless otherwise agreed by contract, if FEP constructs, acquires or modifies any facilities (excluding Expansion Facilities) to perform service hereunder, then, to the extent provided in Section 5 of the General Terms and Conditions of this Tariff and pursuant to a separate agreement, either:

(1) Shipper shall reimburse FEP for the cost of such facilities or facility modifications as described in the General Terms and Conditions of this Tariff; or

(2) FEP shall assess a Monthly charge reflecting such facility costs.

5.4 The ACA charge will be assessed, when applicable, as provided in the General Terms and Conditions of this Tariff, on quantities ~~transported~~ ~~received~~ by FEP ~~from~~ Shipper under this Rate Schedule HAT, provided that ACA shall not be charged on quantities delivered to the Hub Point.

5.5 (a) Unless otherwise provided by contract, FEP shall have the unilateral right to file with any appropriate regulatory authority and make changes effective in: (1) the rates and charges applicable under this Rate Schedule HAT, including both the level and design of such rates

and charges; or (2) the terms and conditions of this Rate Schedule HAT, including the applicable General Terms and Conditions.

(b) If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises allows or permits FEP to collect, or to negotiate to collect, a higher rate for the service hereunder, the rate shall be increased to the highest such rate unless the HAT Agreement or a separate discount, Negotiated Rate ~~or Negotiated Rate Formula~~ agreement provides that the rate established in such an agreement shall not be subject to such a modification or increase. Should additional documentation be required in order for FEP to collect such highest rate, Shipper shall execute or provide such documentation within fifteen (15) days after a written request by FEP. If, at any time and from time to time, the FERC or any other governmental authority having jurisdiction in the premises requires FEP to charge a lower rate for transportation service hereunder, the rate shall be decreased to such reduced rate except as otherwise agreed under Section 5.1(b) of this Rate Schedule and Section 30 of the General Terms and Conditions of this Tariff (as to Negotiated Rate ~~or Negotiated Rate Formula~~ agreements).

5.6 FEP may, consistent with any provisions on discounting in the HAT Agreement or in a separate discount, Negotiated Rate ~~or Negotiated Rate Formula~~ agreement, charge any individual Shipper for service under this Rate Schedule HAT a rate which is lower than the applicable maximum rate set forth in this Tariff; provided, however, that such rate may not be less than the applicable minimum rate for service under Rate Schedule HAT set forth in this Tariff except as otherwise provided in Section 30 of the General Terms and Conditions of this Tariff (as to Negotiated Rate ~~or Negotiated Rate Formula~~ agreements). FEP shall file with the Commission any and all reports as required by the Commission's Regulations with respect to the institution or discontinuance of any discount.

5.7 All revenues collected by FEP as a result of providing service under Rate Schedule HAT shall be retained by FEP unless FEP has otherwise explicitly agreed on or the Commission has required a different disposition of such amounts. The Penalty Revenue (Section 9.3) provision in the General Terms and Conditions of this Tariff represents an agreement by FEP on a different disposition of certain revenue.

6. NOMINATIONS AND IMBALANCES

(a) Shipper shall provide FEP with daily nominations of receipts and deliveries by Receipt and Delivery Point in accordance with the General Terms and Conditions of this Tariff. It shall be Shipper's responsibility to cause Gas to be delivered to FEP at Receipt Point(s), and to cause Gas to be taken from FEP at Delivery Point(s), in accordance with the information supplied to FEP, as long as such Gas Quantities are nominated for simultaneous receipt and further delivery on FEP under either a FTS, ITS or HAT Agreement.

(b) FEP will enter into OBAs (as defined in the General Terms and Conditions of this Tariff) at Receipt Points and/or Delivery Points, in accordance with Section 6.11 of the General Terms and Conditions of this Tariff. Where imbalances are beyond the parameters in an OBA or

where an OBA is not applicable, however, it shall be Shipper's responsibility to keep receipts and deliveries in balance. FEP may curtail service hereunder to the extent necessary to bring receipts and deliveries into balance and to the extent consistent with Section 10 of the General Terms and Conditions of this Tariff.

7. RECEIPT AND DELIVERY POINTS AND UPSTREAM AND DOWNSTREAM ARRANGEMENTS

(a) Conditions of delivery at Receipt and Delivery Points are set out in the General Terms and Conditions of this Tariff.

(b) Shipper shall make all necessary arrangements with other parties: (1) at or upstream of the Receipt Point(s) where Gas is tendered to FEP hereunder; and (2) at or downstream of the Delivery Point(s) where FEP delivers Gas hereunder to or for the account of Shipper. Such arrangements must be consistent with this Rate Schedule HAT and must be coordinated with FEP.

8. OVERRUN SERVICE AND UNAUTHORIZED OVERRUN GAS

(a) Upon request of Shipper, FEP shall if capacity is available receive, transport, and deliver on any Day quantities of Gas in excess of Shipper's Contract MDQ under the HAT Agreement when the capacity and operating capability of its System will permit such receipt, transportation and delivery without impairing the ability of FEP to meet its other obligations of equal or higher priority. In granting requests for Authorized Overrun Service, FEP shall act in a manner consistent with the service priorities set out in the General Terms and Conditions of this Tariff. Shipper shall pay FEP the applicable rate for Authorized Overrun Service set forth in this Tariff.

(b) For Unauthorized Overrun Gas, Shipper shall pay FEP the charges for Unauthorized Overrun Gas set out in Section 9.2 of the General Terms and Conditions of this Tariff.

9. GENERAL TERMS AND CONDITIONS

The provisions of the General Terms and Conditions of this Tariff, as such provisions may be amended from time to time, are hereby incorporated by reference and made a part of this Rate Schedule HAT and shall apply to service rendered hereunder as though stated herein.

1. DEFINITIONS

~~1.1~~ AGREEMENT

_____ "Agreement" shall mean an agreement subject to, as applicable, Rate Schedule FTS, ITS, PALS or HAT.

~~1.2~~ AUTHORIZED OVERRUN GAS

_____ "Authorized Overrun Gas" shall mean those quantities of Gas nominated and confirmed for transportation by Shipper on any Day in excess of its currently effective Contract and/or Point MDQ, to the extent such Gas is scheduled under Section 6 of these General Terms and Conditions.

~~1.3~~ AVERAGE MONTHLY INDEX PRICE (AMIP)

_____ "Average Monthly Index Price" or "AMIP" for each calendar Month, shall be used for calculations under Section 36 of these General Terms and Conditions (relating to Fuel Gas, Booster Compression Fuel and Lost and Unaccounted For Gas respectively), and shall be determined as follows:

$$\text{AMIP} = \text{INDEX} \times (100\% / (100\% - \text{FUEL})) + \text{COMM}$$

_____ Where:

_____ INDEX = the price published in Platts' monthly "Gas Daily Price Guide" in the table entitled "Midpoint Averages, (Month)" for NGPL, Texok zone (or the superseding reference if the publication titling is revised);

_____ FUEL = NGPL's transportation fuel retention factor (in %) for receipts in the Texok Receipt Zone and deliveries in the Market Delivery Zone minus NGPL's transportation fuel retention factor (in %) for receipts in the Gulf Coast Mainline Receipt Zone and deliveries in the Market Delivery Zone, as published in NGPL's then-current FERC natural gas tariff;

_____ COMM = NGPL's minimum ITS commodity rate for receipts in the Texok Receipt Zone and deliveries in the Market Delivery Zone, as published in NGPL's then-current natural gas tariff.

_____ If the monthly price for the above location is no longer published by Gas Daily, the equivalent price in the Intelligence Press Publication "NGI's Bidweek Survey", under the column labeled "avg." in the table entitled "(Month Year) Cumulative" will be used to determine the AMIP.

_____ In the event that any index referenced above is unavailable or if the indices in the aggregate do not meet FERC requirements as to liquidity, FEP will post that information in its Interactive Website and shall discontinue use of that referenced index in computing the Average Monthly Index Price. During any period when an index is unavailable, FEP shall compute the Average Monthly Index Price using the published index prices that remain available. If any index remains unavailable for sixty (60) Days, FEP shall make a limited tariff filing pursuant to Section 4 of the Natural Gas Act requesting Commission authorization to adopt an appropriate replacement index to use in the computation of the Average Monthly Index Price. FEP will consult with Shippers at any time when the referenced index is not to be used and a replacement index is used. Shippers may protest FEP's filing with the Commission during this proceeding.

_____ **1.4 AVERAGE WEEKLY INDEX PRICE OR AWIP**

_____ "Average Weekly Index Price" or "AWIP" shall mean for any week the average of the two prices determined as follows:

_____ (a) A price defined as:

$$\text{INDEX} \times (100\% / (100\% - \text{FUEL})) + \text{COMM}$$

_____ Where:

_____ INDEX = the price published in Platts' "Gas Daily" in the table entitled "Weekly weighted average prices" for NGPL, Texok zone (or the superseding reference if the publication titling is revised);

_____ FUEL = NGPL's transportation fuel retention factor (in %) for receipts in the Texok Receipt Zone and deliveries in the Market Delivery Zone minus NGPL's transportation fuel retention factor (in %) for receipts in the Gulf Coast Mainline Receipt Zone and deliveries in the Market Delivery Zone, as published in NGPL's then-current FERC natural gas tariff;

_____ COMM = NGPL's minimum ITS commodity rate for receipts in the Texok Receipt Zone and deliveries in the Market Delivery Zone, as published in NGPL's then-current natural gas tariff.

_____ (b) The price published in Platts' "Gas Daily" in the table entitled "Weekly weighted average prices" for Texas Gas, Zone 1 (or the superseding reference if the publication titling is revised);

_____ If the weekly price for one or both of the above locations is no longer published by Gas Daily, the equivalent prices in the Intelligence Press publication "Weekly Gas

Price Index”, under the column labeled ”avg.” in the table entitled ”Spot Gas Prices” will be used to determine the prices to be averaged for both locations.

_____ In the event that any index referenced above is unavailable or if the indices in the aggregate do not meet FERC requirements as to liquidity, FEP will post that information in its Interactive Website and shall discontinue use of that referenced index in computing the Average Weekly Index Price. During any period when an index is unavailable, FEP shall compute the Average Weekly Index Price using the published index prices that remain available. If any index remains unavailable for sixty (60) Days, FEP shall make a limited tariff filing pursuant to Section 4 of the Natural Gas Act requesting Commission authorization to adopt an appropriate replacement index to use in the computation of the Average Weekly Index Price. FEP will consult with Shippers at any time when the referenced index is not to be used and a replacement index is used. Shippers may protest FEP’s filing with the Commission during this proceeding.

_____ ~~1.5~~ **BOOSTER COMPRESSION**

_____ “Booster Compression” shall mean compression installed by FEP to facilitate the receipt of Gas into its system if applicable.

_____ ~~1.6~~ **BOOSTER COMPRESSION FUEL**

_____ “Booster Compression Fuel” means only the thermal equivalent of that quantity of Gas actually used or incurred by FEP on an incremental basis where Booster Compression is installed, to effect the transportation of Gas hereunder from the Receipt Points to the Delivery Points, consistent with Section 36 of these General Terms and Conditions.

_____ ~~1.7~~ **BUSINESS DAY**

_____ Monday through Friday, 8:00 a.m. to 4:30 p.m. Central Clock Time excluding Federal Banking Holidays.

~~1.8~~ **COMMENCEMENT DATE**

_____ ~~“Commencement Date” shall mean the first date on which any Shipper has commenced service under an Agreement on any portion of the System after the end of Interim Period Service.~~

_____ ~~1.9~~ **-CONTRACT MDQ**

_____ “Contract MDQ” is the MDQ of Gas that FEP is obligated to transport and deliver to Shipper and Shipper is entitled to receive as specified in an Agreement, except for Authorized Overrun Gas, subject to the provisions of Sections 3 and 4 of these General Terms and Conditions.

_____ ~~1.10~~ **CONTRIBUTION IN AID OF CONSTRUCTION OR CIAC**

_____ ~~“Contribution in Aid of Construction” or “CIAC” shall, unless otherwise mutually~~

~~agreed, mean the payment made to FEP for the installation of new or expanded facilities at interconnection points for the receipt by FEP or the delivery by FEP of Gas on behalf of Shipper. Unless otherwise agreed, the CIAC shall include all construction costs, including any filing fee (Investment Costs), on a mutually agreed payment schedule. In addition, if applicable, Shipper shall provide a reimbursement amount to compensate for income tax effects associated with the income tax effects of the CIAC.~~

~~1.11~~ **DAILY INDEX PRICE OR DIP**

"Daily Index Price" or "DIP" shall mean for any Day the average of the two prices determined as follows for such Day, using flow date and quantity data as shown for the following indices:

(a) A price defined as:

$$\text{INDEX} \times (100\% / (100\% - \text{FUEL})) + \text{COMM}$$

Where:

INDEX = the price published in Platts' "Gas Daily" under the column labeled "Midpoint" in the table entitled "Daily price survey (\$/MMBtu)" for NGPL, Texok zone (or the superseding reference if the publication titling is revised);

FUEL = NGPL's transportation fuel retention factor (in %) for receipts in the Texok Receipt Zone and deliveries in the Market Delivery Zone minus NGPL's transportation fuel retention factor (in %) for receipts in the Gulf Coast Mainline Receipt Zone and deliveries in the Market Delivery Zone, as published in NGPL's then-current FERC natural gas tariff;

COMM = NGPL's minimum ITS commodity rate for receipts in the Texok Receipt Zone and deliveries in the Market Delivery Zone, as published in NGPL's then-current natural gas tariff.

(b) The price published in Platts' "Gas Daily" under the column labeled "Midpoint" in the table entitled "Daily price survey (\$/MMBtu)" for Texas Gas, zone 1 (or the superseding reference if the publication titling is revised).

If the daily price for one or both of the above locations is no longer published by Gas Daily, the equivalent prices in the Intelligence Press publication "NGI's Daily Gas Price Index", under the column labeled "avg." in the table entitled "(Month) Cash Market Prices" will be used to determine the prices to be averaged for both locations.

In the event that any index referenced above is unavailable or if the indices in the aggregate do not meet FERC requirements as to liquidity, FEP will post that information in its Interactive Website and shall discontinue use of that referenced index in computing the Daily Index

Price. During any period when an index is unavailable, FEP shall compute the Daily Index Price using the published index prices that remain available. If any index remains unavailable for sixty (60) days, FEP shall make a limited tariff filing pursuant to Section 4 of the Natural Gas Act requesting Commission authorization to adopt an appropriate replacement index to use in the computation of the Daily Index Price. FEP will consult with Shippers at any time when the referenced index is not to be used and a replacement index is used. Shippers may protest FEP's filing with the Commission during this proceeding.

~~1.12~~ **DAY OR GAS DAY**

"Day" or "Gas Day" shall mean 9 a.m. to 9 a.m. (Central Clock Time)..

~~1.13~~ **DELIVERY POINT**

The term "Delivery Point" shall mean any Point at which FEP delivers to or for the account of Shipper Gas which has been transported by FEP under any Rate Schedule in this Tariff, as specified in an Agreement, or a Point at which Gas is delivered to Shipper pursuant to a Request Order under Rate Schedule PALS or as applicable to service under such Agreement by operation of this Tariff.

~~1.14~~ **DTH**

The term "Dth" shall mean one million (1,000,000) Btus and is equivalent to one (1) MMBtu.

~~1.15~~ **EDI**

The term "EDI" shall mean Electronic Data Interchange.

~~1.16~~ **EQUIVALENT VOLUMES**

"Equivalent Volumes" shall mean the sum of the quantities of Gas measured in Dth received by FEP for the account of a Shipper at the Receipt Points during any given period of time: (a) reduced by (i) that Shipper's share of Fuel Gas and Lost and Unaccounted For Gas, Booster Compression Fuel if applicable and (b) adjusted for any variations in Btu content, as corrected for any water vapor in excess of five (5) pounds per million (1,000,000) cubic feet of Gas, it being the intent of the parties that the quantities of Gas delivered hereunder at the Delivery Point after transportation be the thermal equivalent of the quantities of Gas delivered at the Receipt Point for transportation, after reduction, correction and adjustment as provided above. In determining Equivalent Volumes for redelivery, FEP shall formulate a thermal balance evaluating inputs to, and deliveries from, the System at least once each Month. Fuel Gas, Booster Compression Fuel and Lost and Unaccounted For Gas shall be determined pursuant to Section 36 of these General Terms and Conditions.

~~1.17~~ **FERC**

"FERC" or "Commission" shall mean the Federal Energy Regulatory Commission or any federal commission, agency or other governmental body or bodies succeeding to, lawfully exercising or superseding any powers which were exercisable by the Federal Energy Regulatory Commission.

~~1.18~~ **FOUNDATION SHIPPER**

~~"Foundation Shipper" shall mean a Shipper holding one or more FTS Agreements utilized to support the initial certification of the System which were entered into prior to the Commencement Date, hereinafter shall be referred to as "Foundation Shipper" or "Shipper"; provided that, unless otherwise mutually agreed by FEP and the Foundation Shipper, such Shipper must hold in the aggregate at least 375,000 Dth/d of firm capacity for a minimum term of ten (10) years under such FTS Agreements as of the In Service Date.~~

~~1.19~~ **FUEL GAS**

"Fuel Gas" means the thermal equivalent of that quantity of Gas actually used or incurred by FEP to effect the transportation of Gas hereunder from the Receipt Points to the Delivery Points. Consistent with Section 36 of the General Terms and Conditions, Booster Compression Fuel incurred by FEP shall be determined separately and is not included in Fuel Gas.

~~1.20~~ **GAS**

"Gas" shall mean combustible hydrocarbon Gas.

~~1.21~~ **HEATING VALUE**

The term "heating value" shall mean the number of Btus per cubic feet of Gas at the base condition of 14.73 psia 60 degrees Fahrenheit dry. The Btu value will be determined utilizing the complete actual composition of the Gas according to the methods in GPA Standard 2172-96, titled "Calculation of Gross Heating Value, Relative Density and Compressibility Factor for Natural Gas Mixtures from Compositional Analysis," and corrected to the base conditions. For reporting purposes, Btu conversion factors will be reported to not less than three (3) decimal places and Pressure Base conversion factors will be reported to not less than six (6) decimal places. For calculation purposes, not less than six (6) decimal places will be used for both conversion factors.

~~1.21.1~~ **HUB POINT**

“Hub Point” shall have the meaning set out in Section 2.1 of Rate Schedule HAT.

~~1.22~~ INTERACTIVE WEBSITE

The term "Interactive Website" shall mean the interactive internet website maintained by FEP for communication regarding its transportation services in accordance with applicable Commission Regulations and NAESB Standards, as more fully described in Section 13 of these General Terms and Conditions.

~~1.23~~ INTERIM PERIOD SERVICE

~~"Interim Period Service" means any service provided by FEP prior to the time that all facilities certificated in Docket No. CP09-433 are placed into service. Interim Period Service will terminate once all the facilities for which certificate authority has been requested in Docket No. CP09-433 have been completed and placed in service.~~

~~1.24~~ LOST AND UNACCOUNTED FOR GAS

~~"Lost and Unaccounted For Gas" shall mean the thermal equivalent of the difference between the sum of all input quantities of Gas to the System (including Fuel Gas) and the sum of all output quantities of Gas from the System plus Fuel Gas, which difference shall include but shall not be limited to Gas vented (other than Gas that can be attributed to an offending Shipper), line heater Gas, and Gas lost as a result of an event of Force Majeure, the ownership of which cannot be reasonably identified. Lost and Unaccounted For Gas shall be determined pursuant to Section 36 of these General Terms and Conditions.~~

MCF

"Mcf" shall mean one thousand (1,000) cubic feet of Gas.

~~1.25~~ MDQ

"MDQ" shall mean the maximum daily quantity.

~~1.26~~ MONTH

"Month" shall mean the period beginning on the first day of any calendar month and ending on the first day of the next succeeding calendar month.

~~1.27~~ NEGOTIATED RATE

The term "Negotiated Rate" shall mean a rate provision under which FEP and Shipper have agreed on the amount to be charged for the service under Rate Schedule FTS, ITS, PALS or HAT which results in a rate where, for all or a portion of the contract term, one or more of the individual components of such rate deviates from the applicable minimum and/or maximum rate

level, as set forth in Section 30, hereof. Any Agreement entered into which provides for a rate under Rate Schedule FTS, ITS, PALS or HAT other than the applicable maximum rate shall contain a provision setting out the mutual agreement of the parties, consistent with Commission policy, as to whether the pricing terms represent a discounted rate or a Negotiated Rate. A negotiated rate may be a stated rate or a rate determined by a formula. A Negotiated Rate arrangement may cover Fuel Gas and Lost and Unaccounted For Gas and/or Booster Compression Fuel.

~~1.28~~ **NEGOTIATED RATE FORMULA**

~~The term "Negotiated Rate Formula" shall mean a rate formula provision which FEP and Shipper have agreed will be applied to service under Rate Schedule FTS, ITS, PALS or HAT which results in a rate where, for all or a portion of the contract term, one or more of the individual components of such rate deviates from the applicable minimum and/or maximum rate level as set forth in Section 30, hereof. Any Agreement entered into which provides for a rate under Rate Schedule FTS, ITS, PALS or HAT other than the applicable maximum rate shall contain a provision setting out the mutual agreement of the parties, consistent with Commission policy, as to whether the pricing terms represent a discounted rate or a rate pursuant to a Negotiated Rate Formula. A Negotiated Rate Formula arrangement may cover Fuel Gas and Lost and Unaccounted For Gas and/or Booster Compression Fuel.~~

~~1.29~~ **NOMINATION**

~~"Nomination" shall mean the requests for service submitted pursuant to Section 6 of these General Terms and Conditions.~~

~~1.30~~ **OPERATIONAL BALANCING AGREEMENT ("OBA")**

~~An OBA is a contract between two parties which specifies the procedures to manage operating variances at an interconnect. FEP shall not be obligated to enter into an OBA with any form of cash out.~~

~~1.31~~ **OVERAGE AVERAGE MONTHLY INDEX PRICE (OAMIP)**

~~The Overage Average Monthly Index Price or "OAMIP" shall mean the index price used in determining cash out amounts for overages as provided in Section 10.4 of these General Terms and Conditions.~~

~~1.32~~ **POINT**

~~"Point" shall mean a physical point on FEP's System at which Gas can be received and/or delivered and which is utilized to provide service under Rate Schedules FTS, ITS, PALS or HAT.~~

~~1.33~~ **POINT MDQ**

~~Each FTS Agreement shall specify a Point MDQ for each Receipt Point and each~~

Delivery Point. Subject to the provisions of Section 2.3(b) of Rate Schedule FTS, "Point MDQ" shall mean: (i) the MDQ of Gas which FEP is obligated to deliver on a primary firm basis at Delivery Points; and (ii) the MDQ of Gas which FEP is obligated to receive on a primary firm basis at Receipt Points, exclusive of Fuel Gas, Lost and Unaccounted For Gas, and Booster Compression Fuel, if applicable. At Receipt Points, FEP shall be obligated to accept applicable Fuel Gas and Lost and Unaccounted For Gas on a primary firm basis in addition to the Point MDQ quantity.

~~1.34~~ **POOLING POINT**

~~_____~~ "Pooling Point" shall have the meaning set out in Section 6.12 of the General Terms and Conditions of this Tariff.

~~1.35~~ **RECEIPT POINT**

~~_____~~ "Receipt Point" shall mean any Point at which Gas is tendered by or for the account of Shipper to FEP for transportation as specified in an Agreement, or for the receipt of Gas by FEP pursuant to a Request Order under Rate Schedule PALS, or as applicable to service under such Agreement by operation of this Tariff.

~~1.36~~ **RECOURSE RATE**

~~_____~~ "Recourse Rate" shall mean the applicable maximum rate which would apply to the service but for the rate flexibility allowed under Sections 30 (Negotiated Rates) and 34 (Discounting) hereof.

~~1.37~~ **SHIPPER**

~~_____~~ The term "Shipper" shall mean a Shipper as defined in any of the Rate Schedules governed by these General Terms and Conditions. In addition, in a given context, Shipper may refer to an entity which is seeking to become a Shipper.

~~1.38~~ **STANDARD SHIPPER**

~~_____~~ "Standard Shipper" shall mean any Shipper that is not a Foundation Shipper and shall hereinafter be referred to as "Shipper".

~~1.39~~ **STANDARD REPORTING BASIS**

~~_____~~ "Standard Reporting Basis" for Btu shall mean 14.73 psia at 60 degrees F (101.325 kPa and 15 degrees C) and dry. "Standard Reporting Basis" for gigacalorie shall mean 1.035646 Kg/cm squared at 15.6 degrees C and dry.

~~_____~~ "Standard Reporting Basis" for Gas volumes shall mean cubic foot at standard conditions of 14.73 psia at 60 degrees F and dry. For Gas volumes reported in cubic meters, the standard conditions are 101.325 kPa, at 15 degrees C and dry.

~~NAESB WGQ takes no position on the basis upon which transactions are communicated to trading partners and/or regulatory agencies, as applicable, nor does NAESB WGQ state whether transactions may take place between parties on a volumetric basis.~~

~~1.40~~ **SUPPLY LEG**

"Supply Leg" shall mean the pipeline segment that is west of (but not including) the NGPL Interconnect.

~~1.41~~

SYSTEM

"System" shall mean the Pipeline, including any compression and related facilities owned or leased by FEP.

TARIFF

"Tariff" shall mean Transporter's currently effective FERC NGA Gas Tariff.

~~1.42~~ **LOST AND UNACCOUNTED FOR GAS**

~~"Lost and Unaccounted For Gas" shall mean the thermal equivalent of the difference between the sum of all input quantities of Gas to the System (including Fuel Gas) and the sum of all output quantities of Gas from the System plus Fuel Gas, which difference shall include but shall not be limited to Gas vented (other than Gas that can be attributed to an offending Shipper), line heater Gas, and Gas lost as a result of an event of Force Majeure, the ownership of which cannot be reasonably identified. Lost and Unaccounted For Gas shall be determined pursuant to Section 36 of these General Terms and Conditions.~~

~~1.43~~ **UNAUTHORIZED OVERRUN GAS**

"Unauthorized Overrun Gas" shall mean quantities of Gas received from or delivered to (or on behalf of) Shipper at a Point in excess of confirmed nominations.

~~1.44~~ **UNDERAGE AVERAGE MONTHLY INDEX PRICE (UAMIP)**

The Underage Average Monthly Index Price or "UAMIP" shall mean the index price used in determining cash out amounts for underages as provided in Section 10.4 of these General Terms and Conditions.

~~1.45~~ **YEAR**

"Year" shall mean a period of three hundred sixty-five (365) consecutive days or three hundred sixty-six (366) consecutive days if such period includes February 29.

2. PRIORITY OF SERVICE

2.1 ALLOCATION OF CAPACITY

(a) GENERAL

This Section 2.1 governs the allocation of firm capacity on FEP's System among entities requesting firm services in assigning priority to otherwise valid requests for any particular firm service. In applying such criteria where a Negotiated Rate ~~or Negotiated Rate Formula~~ is involved, the value assigned to a request which includes a Negotiated Rate ~~or Negotiated Rate Formula~~ shall be limited by the Recourse Rate as provided in Section 30 of these General Terms and Conditions. FEP shall not be required to grant otherwise valid requests at less than the applicable maximum rate, but may do so on a non-discriminatory basis.

(b) CAPACITY AWARD PROCEDURES

This Section 2.1(b), together with Sections 2.1(c) and 16 of these General Terms and Conditions, sets out the procedures to be followed by FEP in awarding all firm forward-haul transmission capacity becoming available on its System; provided, however, that these procedures do not apply to the initial allocation of such firm capacity created by the construction of new facilities (including the initial construction and any extensions and expansions of FEP's System).

(1) INITIAL OPEN SEASON

FEP shall conduct an Initial Open Season for firm forward-haul transmission capacity that is available upon FEP being in service or becomes available, including when capacity that is subject to a right of first refusal or other rollover rights is not renewed or awarded during the right of first refusal process.

(i) An Initial Open Season shall be conducted so that the open season would end at least two (2) Business Days before the date the firm capacity becomes available. Such capacity may not be awarded, except as otherwise provided in this Section 2.1 or Section 16 of these General Terms and Conditions, until after an Initial Open Season has been conducted.

(ii) In any Initial Open Season, the minimum posting and bidding period applicable to firm capacity available for less than one (1) Year is from 9:00 a.m. to 2:00 p.m. Central Clock Time on a Business Day and the minimum posting and bidding period for firm capacity available for one (1) Year or longer is four (4) Business Days, with the minimum posting periods each day being from 9:00 a.m. to 2:00 p.m. Central Clock Time.

(iii) The posting for an Initial Open Season shall include the following items:

(A) The bidding procedure to be used, including an explanation of how bids are to be submitted, a bid form, instructions for satisfying the request criteria under the applicable rate schedule, and the complete bid evaluation criteria consistent with this Section 2.1.

(B) The timetable for posting and bidding, which timetable must be consistent with Section 2.1(b)(1)(ii).

(C) The location, duration and amount of firm capacity to be covered by the Initial Open Season, and the date on which such firm capacity will be available.

(D) Contingencies, if any, which will be accepted in open season bids.

(E) Any other bid requirements, conditions, criteria, restrictions or parameters.

(iv) In the Initial Open Season, all bids must be submitted either in the basic rate design then in effect on FEP's System, which are constrained by the applicable maximum and minimum rates, or in the form of a Negotiated Rate ~~or Negotiated Rate Formula~~, as specified below. As part of its Initial Open Season posting, FEP will specify whether it will accept bids in the form of a Negotiated Rate ~~or Negotiated Rate Formula~~ in such Open Season and, if so, the parameters for submitting Negotiated Rate bids.

(v) FEP shall establish a reserve price or reserve price matrix in every Initial Open Season, consistent with Section 2.1(c)(5) of these General Terms and Conditions.

(vi) Unless otherwise specified in the posting, a bidder may bid on all or any portion of the term for which the firm capacity is available and on all or any portion of the capacity available. FEP shall make firm capacity available without any term limit unless that firm capacity is committed at some future time under a then existing contract or that firm capacity is operationally available only for a limited period of time. Any term limit shall reflect such a contractual or operational constraint. FEP shall specify any such term limit, and the reasons for the term limit, in the posting. FEP may only impose minimum quantity, geographical or term requirements on bids for operational reasons, such as maintaining pressure or sustaining the minimum level of prudent facility operations on any affected portion(s) of its System.

(vii) FEP shall have the right to terminate an Initial Open Season through a termination posting if there is a material error in the Initial Open Season posting, which error shall be explained in the termination posting. FEP shall have the right to extend an Initial Open Season for good cause, as explained in the extension posting, or as specified in the original Initial Open Season posting.

(viii) All bids received during the open season period remain binding on the bidder through the end of the open season unless withdrawn by bidder. At the end of any open season, all bids either withdrawn or not accepted shall be deemed null and void. A bidder may withdraw its bid at any time during the open season, utilizing the same medium through which a bid can be submitted. A bidder which has withdrawn a bid may submit a bid with a higher value during the open season, but neither that bidder nor any of its affiliates may submit during that open season a bid with a lower value than the withdrawn bid [value is to be determined applying the criteria in Section 2.1(c), consistent with the posting for that open season], except if the withdrawn bid was withdrawn due to a material error. A bidder may withdraw a bid for a material error by notifying FEP by the deadline for bids that the bid contains a material error, which notification shall explain the material error.

(ix) If an open season is extended, a bidder is free to submit a new bid without restriction in the extended open season even if that bidder withdrew its bid in the original open season. If a bidder withdraws its bid in an extended open season, the same rules as in an original open season apply to that bidder.

(x) Once firm capacity has been subject to an Initial Open Season, FEP is not required to hold any further Initial Open Season while the capacity is posted on FEP's website. If however that capacity or portion of such capacity is sold under a contract that includes extension rights (rollover or ROFR under Section 16 of the GT&C) and again becomes available as result of the expiration of such contract (because the extension rights were not exercised), then such capacity under such contract shall be subject to an Initial Opens Season.

(2) REQUEST PROCEDURE

For firm capacity which is not awarded in the Initial Open Season process and for existing firm capacity which is not subject to the Initial Open Season process or to Section 16 of these General Terms and Conditions, FEP may award such capacity through either the Request Procedure in this Section 2.1(b)(2) or the Additional Open Season Procedure in Section 2.1(b)(3) of these General Terms and Conditions.

(i) FEP may award such firm capacity in response to request(s) for firm service in writing or on its Interactive Website which conform to the requirements in the applicable rate schedule for valid requests (including meeting credit criteria). A request may be unsolicited or pre-negotiated, but no communication will be considered a request hereunder unless it constitutes a valid request for service consistent with the applicable rate schedule and has been submitted in writing or via FEP's Interactive Website.

(ii) A request for firm capacity will be binding on the entity requesting firm capacity for two (2) Business Days or until the request is accepted or rejected by FEP, whichever is earlier. FEP shall respond to any request for firm capacity within two (2) Business Days. Unless granted by FEP, all requests submitted are void effective the earlier of the

time when FEP rejects the request or two (2) Business Days after the request is submitted. FEP cannot grant any request which has become void, but a request becoming void hereunder is without prejudice to any future request by that Shipper or any other Shipper.

(iii) The rate form under a request may be either the basic rate design then in effect on FEP's System or a Negotiated Rate ~~or Negotiated Rate Formula~~ rate form.

(iv) FEP is not obligated to award firm capacity based on a request at less than the applicable maximum rate, but any capacity award must be consistent with Section 2.1(c) of these General Terms and Conditions if there are competing valid requests pending. For purposes of applying the evaluation criteria in Section 2.1(c) of these General Terms and Conditions, only pending valid requests which have not become void under (ii) are considered to be competing.

(v) Requests shall not be accepted or valid as to any firm capacity which is subject to an Initial Open Season or an Additional Open Season during any period between the posting of that open season and the award of capacity (or the decision not to award capacity) under that open season.

(3) ADDITIONAL OPEN SEASON PROCEDURE

(i) If available firm capacity has not been awarded in the Initial Open Season, FEP may at any time elect to hold an Additional Open Season for that capacity.

(ii) The posting requirements and minimum posting and bidding periods for an Additional Open Season shall be the same as for an Initial Open Season under Section 2.1(b)(1), except that FEP will post any additional items necessary to comply with this Section 2.1(b)(3).

(iii) In the Additional Open Season, FEP may limit the firm capacity available to that defined in the posting and may make such defined firm capacity available only for a specified term or range of terms, which limitation(s) must be included in the posting.

(iv) In the Additional Open Season, bids may be on a Negotiated Rate ~~or Negotiated Rate Formula~~ basis to the extent specified in the posting. FEP may limit the form of Negotiated Rate ~~or Negotiated Rate Formula~~ submitted, in which case that limitation must be reflected in the posting. Bids may always be submitted in the basic rate design then in effect on FEP's System at the applicable maximum rate.

(v) FEP may, but is not required to, establish a reserve price or reserve price matrix in an Additional Open Season, consistent with Section 2.1(c)(5) of these General Terms and Conditions.

(4) SPREADSHEETS

Contemporaneous with posting of an open season, FEP shall make available (subject to reasonable user requirements) electronic spreadsheets setting out the analyses which will be used to determine the winning bid(s), in a format which will allow the user to calculate net present value.

(5) CONDITIONS ON REQUESTS AND BIDS

This subsection sets out conditions applicable to all requests and bids for firm capacity. FEP shall reject any request or bid for service which may detrimentally impact the operational integrity of FEP's System (if FEP rejects a bid or request on this basis, it will provide a written explanation of the operational basis for this action); which does not satisfy all the terms of an applicable posting or tariff provision and/or does not provide all the information required by the posting or tariff provision; which contains terms and conditions other than those in FEP's Tariff and/or any applicable posting; which would not constitute a valid request under the applicable rate schedule (it being understood that a bid in an open season cannot be rejected for incompleteness if all information required by the bid form and applicable posting has been provided); or is in any way inconsistent with FEP's Tariff and/or any applicable posting. Any Shipper wishing to bid in an open season or submit a request for capacity must satisfy the creditworthiness requirements in Section 12 of these General Terms and Conditions prior to submitting a bid or request. A Shipper cannot bid for or request services which exceed its pre-qualified level of creditworthiness. FEP shall process - and encourages - applications from potential bidders or requesters seeking prequalification for bids or requests they may make in the future. Credit applications shall be completed in full with all information required to establish creditworthiness under the credit criteria included in FEP's rate schedule covering the applicable service. Should a potential bidder or requester fail to satisfy such credit criteria, it may still qualify by providing a prepayment, letter of credit, security interest or guarantee satisfactory to FEP as further set forth in Section 12.1(b) of these General Terms and Conditions. Based on FEP's continuing review of a Shipper's financial records, FEP shall have the right to amend a Shipper's line of credit and lower or increase the quantity and term.

(6) ROFR OR ROLLOVER RIGHTS

The capacity allocation procedures of this Section 2.1(b) shall not apply where a Shipper is utilizing with respect to its existing capacity the Right of First Refusal procedures or contractual rollover rights pursuant to Section 16 of these General Terms and Conditions. Instead, the procedures in said Section 16 will govern the award of capacity in such instances.

(7) CAPACITY AWARDED FOR LIMITED PERIOD

This provision applies in situations where firm capacity is awarded for a limited time period ending on a date no later than the date on which such capacity is required to provide service under one or more preexisting FTS Agreements or where firm capacity is operationally available only for a limited time period; ~~provided, however, this provision does not govern the rights of Shippers receiving Interim Period Service.~~

(i) FEP may market such capacity for all or any portion of the limited time period until service under the capacity award becomes effective, or until the capacity is no longer operationally available.

(ii) FEP shall limit the rights of the Shipper awarded the capacity to the limited time period, so that the Shipper has no rollover rights or rights of first refusal which extend beyond the limited time period; provided, ~~however, that nothing herein shall be read to limit the rights of Shippers to continued service beyond the expiration of Interim Period Service.~~ FEP will indicate in any open season posting for such capacity the limitation on rights which will apply to such firm capacity awarded for the limited time period.

(c) EVALUATION OF COMPETING BIDS AND REQUESTS

In comparing valid bids received in an open season or in comparing two or more valid and competing pending requests for service under the Request Procedure, FEP will award firm capacity based on the highest economic value, as defined in this Section 2.1(c).

(1) HIGHEST ECONOMIC VALUE

The highest economic value is the highest net present value of the stream of incremental revenue produced in the aggregate by a valid bid or request, or combination of valid bids or requests, received by FEP for firm capacity which is consistent with the reserve price where one has been established; Incremental revenue is the additional revenue FEP would collect from a Shipper under any bid or request over and above the revenue FEP would otherwise have received after taking into account any revenue lost or affected by the bid or request (i.e., where an existing capacity holder submits a bid or request which is contingent upon turnback by that existing capacity holder of an existing capacity commitment, only the value of such a bid or request net of the revenue which would be lost to FEP due to the turnback of the existing contractual commitment will be considered).

(2) ONLY GUARANTEED REVENUE CONSIDERED

In the determination of highest economic value, FEP shall consider only reservation rate revenue and any other guaranteed revenue under bids or requests which meet any applicable reserve price. In the case of a bid or request for firm service involving a Negotiated Rate ~~or Negotiated Rate Formula~~, the rules for calculating net present value set out in Section 30 of these General Terms and Conditions shall apply.

(3) POSTING OF CRITERIA

FEP shall post the criteria to be used in the determination of highest economic value for comparing valid bids in any open season and for comparing pending requests which are valid and competing. The posting will consist of a net present value formula, together with all relevant factors and parameters. The discount rate to be utilized in the NPV formula shall be

the FERC approved interest rate. These criteria shall be posted continuously on the Informational Postings portion of FEP's Interactive Website. FEP may change the criteria at any time in a manner not inconsistent with the other provisions of this Section 2.1(c), but the revised criteria may only be applied to an open season the posting of which commenced at least one (1) Business Day after the change in criteria has been posted. FEP cannot change the criteria for any on-going open season. The revised criteria shall apply immediately to all requests received after the change has been posted. In addition, the posting for each individual open season will include the following elements: the date to which all bids are discounted in the calculation of net present value; the FERC interest rate utilized; how a Shipper's willingness or unwillingness to prorate will affect its bid; whether a prearranged transaction is involved and, if so, whether there is a right to match; the extent to which advance payments will be considered in evaluating bids; how surcharges will be taken into account; and the procedure to be used in breaking ties.

(4) OBLIGATION TO AWARD CAPACITY

(i) FEP shall be obligated to award firm capacity if the applicable maximum rate is submitted for the entire term of a valid bid in any open season or is requested for the entire term of a valid request under the Request Procedure, up to the firm capacity covered by the maximum rate bid(s) or request(s), without regard to any reserve price. If such a maximum rate bid or request is received, FEP shall be obligated to award the capacity either to the Shipper submitting such a valid bid or request or to a competing bidder or requestor. The capacity award will be based on the posted criteria hereunder for evaluating bids or requests.

(ii) FEP shall be obligated to award firm capacity if the reserve price is met in a valid bid for the capacity being posted for open season, up to the firm capacity covered by the bid(s) meeting the reserve price. The capacity awards will be based on application of the posted criteria.

(iii) Notwithstanding the foregoing, FEP may, but shall not be obligated to, award firm capacity based on the following types of otherwise valid bids or requests: (a) any bid or request for a term of less than one Year, under which service is to commence more than ninety (90) days following close of the open season; and (b) any bid or request for a term which is not continuous from the commencement of service date to the termination of service date reflected in the bid and/or which specifies different Contract and/or Point MDQs for various time periods.

(5) RESERVE PRICE MATRIX

In an Initial Open Season, FEP shall establish a reserve price or reserve price matrix. FEP may, but is not required to, establish a reserve price or reserve price matrix in an Additional Open Season.

(i) A reserve price defines the minimum price(s) at which FEP will award the firm capacity covered by the open season, which price(s) must be equal to or less than the applicable maximum rate(s). FEP is not obligated to award capacity at less than the

applicable maximum rate unless a lower rate is set out in the reserve price matrix. In determining whether a reserve price has been met by any bid, FEP will compare the net present value of the requested prices in the bid with the net present value of the applicable reserve price(s). If the reserve price is met, FEP will award firm capacity to valid bids consistent with the posted bid evaluation criteria and this Section 2.1(c).

(ii) Reserve prices in a reserve price matrix may vary by relevant elements, including but not limited to term, service type, Receipt Points, Delivery Points and markets. Differences in "markets", as that term is used in the prior sentence, shall refer to differences relating to any of the following: (A) defined geographical areas, where the value of FEP's services may vary among such geographical areas due to current or projected differences in competitive alternatives, regulation, or operational, supply or capacity factors; (B) customers, where the value of FEP's services may vary by customer due to current or projected differences in competitive alternatives available to them or their demand characteristics (including access to alternative fuels); (C) contract time periods, where the value of FEP's services may vary due to current or projected differences in competitive alternatives or market demand at or over different contract time periods (for example, winter season versus multi-Year); (D) products and services, where the value of FEP's product and service offerings may vary due to current or projected differences in competitive alternatives or market demand (provided that this is not intended to tie separate services together for bidding purposes); or (E) quantities, where the value of FEP's services may vary due to current or projected differences in competitive alternatives, market demand or other factors related to contract quantity levels. The reserve price matrix in an open season may include multiple terms, from one Month or less to multi-Year, and shall indicate if firm capacity is only available for a limited time due to operational or physical constraints or due to the contractual commitment of such capacity in the future.

(iii) Unless FEP elects to post the reserve price as part of the posting of an open season, FEP shall provide the reserve price or reserve price matrix to an independent third party before the posting of an open season. A bidder in an open season may request the reserve price or reserve price matrix applicable to that open season at any time after the close of the open season and FEP will provide such information to the requesting bidder within one Business Day after FEP receives the request.

(d) POINT CHANGES

Any Shipper with an FTS Agreement may request a permanent change in primary Points at any time. FEP will respond to such a request within two (2) Business Days. FEP shall grant such a request if firm transportation and point capacity is available to do so; provided that the parties can mutually agree on the rate unless the applicable FTS Agreement or related discount or Negotiated Rate ~~or Negotiated Rate Formula~~ agreement specifies the rate when there is such a permanent primary point change. Unless otherwise specifically agreed, if the Point change results in a shortened path which would reduce the applicable rate, the reservation rate applicable to the longer path shall apply for the remaining term of the Agreement, but the commodity rate applicable to the shortened path shall apply so long as the shortened path is in effect under the

Agreement; provided, however, the Fuel Gas for the path utilized shall apply. Any such permanent point change shall be reflected in an amendment to the FTS Agreement.

2.2 REDUCTIONS IN FIRM SERVICES

(a) While firm services are not ordinarily interrupted due to lack of capacity, capacity constraints may exist from time to time or interruption of service may be necessary for certain other reasons. FEP may decline to schedule and/or may curtail firm service for any of the following reasons:

(1) If Shipper tenders Gas which does not conform to the applicable quality requirements under Section 19 of these General Terms and Conditions;

(2) For reasons of Force Majeure;

(3) Pursuant to Sections 2.7 or 2.8 of these General Terms and Conditions;

(4) To rectify imbalances, to conform physical flows to nominations or to effectuate payback of imbalances, to the extent consistent with the specific Rate Schedule;

(5) If there is a dispute over title, ownership or right to tender or to receive Gas.

(b) Without limitation to the foregoing, unless otherwise agreed by contract, FEP shall have the right to reduce receipts or deliveries of Gas on any Day below Shipper's Contract MDQ and/or Point MDQ to permit maintenance, repair, overhaul, replacement, or construction of pipelines, compressors, metering, regulating, or other transmission facilities and equipment, or to maintain System integrity; provided, however, that with respect to routine repair and maintenance, FEP will attempt to schedule such activity during a period when it will not result in curtailment to firm services, or when such curtailment will be minimized, after consulting with the Shippers which could be affected.

(c) No later than fifteen (15) days prior to the scheduled activity, FEP will post on the Informational Postings portion of its Interactive Website a tentative schedule of planned maintenance, construction, test, rehabilitation or repair activities to be performed which FEP anticipates may cause it to fail to tender delivery of Shipper's scheduled quantities of Gas. The schedule will include the dates the activities are scheduled to begin and end as well as the portions of the System and capacity expected to be affected. FEP will endeavor to perform the activities in accordance with the posted schedule.

(d) (1) As used in this subsection (d), Firm Daily Volume shall mean the volume of Gas which FEP is obligated to deliver on a firm basis for Shipper at primary Delivery Point(s) under a firm contract on a Day, based on nominations for firm service within firm contract rights at such primary points which could be confirmed. Except as provided in subsection (d)(2), in

the event FEP fails to deliver on any Day under any firm contract all of Shipper's Firm Daily Volume for that Day, then the applicable Reservation Charges and any related reservation-based surcharges shall be eliminated for the quantity of Gas not delivered by FEP within the Shipper's Firm Daily Volume under the contract; provided, however, that these charges shall not be eliminated to the extent that the Shipper uses secondary point service.

(2) FEP shall not be obligated to adjust the Reservation Charge and any related reservation-based surcharges under any contract when FEP's failure to deliver on any Day at least 98% of the Firm Daily Volume:

(i) is the result of the conduct of Shipper or the downstream operator of the facilities at the Delivery Point; or

(ii) occurs either (a) within ten (10) days following a force majeure event as contemplated by Section 20 of the General Terms and Conditions, or (b) prior to the date FEP has or should have, in the exercise of due diligence, overcome the force Majeure event, whichever occur first.

2.3 SCHEDULING OF SERVICES

(a) For the purposes of scheduling and curtailing deliveries of Gas, firm service shall have priority over interruptible service. Priority to use of capacity on FEP shall be in accordance with the following priority, in descending order from highest to lowest priority:

(1) Firm service at primary points and primary paths (scheduled pro rata based on Contract MDQ);

(2) Firm service at secondary points (scheduled pro rata based on nominations) within the primary path;

(3) Firm service at secondary points (scheduled pro rata based on nominations) outside the primary path;

(4) Interruptible service within Contract MDQ and Authorized Overrun service under both firm and interruptible rate schedules (allocation of service pursuant to Section 2.5 of these General Terms and Conditions).

(b) In applying steps (2) and (3) under subsection (a), scheduling of Receipt and Delivery points will be pro rated based on nominations; points within the primary path are scheduled before points outside the primary path;

(c) For Shippers under Rate Schedule FTS, FEP shall provide notice of any curtailment or of any scheduling restriction as far in advance as feasible. FEP shall attempt to provide at least two (2) Days' prior notice, unless more timely action is necessary to respond to a Force Majeure situation, to balance the Agreement to the extent consistent with the applicable Rate

Schedule, or to maintain System integrity. In addition to notifying the Shippers affected, FEP will post anticipated and effective curtailment and scheduling restrictions on the Informational Posting section of its Interactive Website.

(d) Released capacity has the same priority as non-released capacity;

(e) Firm intraday nominations are entitled to bump scheduled interruptible quantities only during the Evening, Intraday 1, and Intraday 2 Nomination Cycles, as defined in Section 6.2. Firm intraday nominations are not entitled to bump already scheduled firm quantities.

2.4 SECONDARY POINTS

(a) Subject to the priorities set out in Section 2.3 of the General Terms and Conditions, Shippers under Rate Schedule FTS shall have the right to use all Receipt and Delivery Points on FEP's System as secondary Receipt and Delivery Points. Such points may be scheduled, however, only to the extent transmission and point capacity is available. The priority of service at secondary points under Rate Schedule FTS shall be governed by Section 2.3 above. The Points available are posted on FEP's Interactive Website.

(b) If nominations by all Shippers for secondary point service for which such Shippers are eligible exceed FEP's available capacity on the applicable path, available capacity shall be allocated and scheduled pro rata based on a Shipper's confirmed nominations within Contract MDQ within the applicable priority category as defined in Section 2.3 of these General Terms and Conditions.

(c) The primary Receipt and Delivery Points define the primary path(s) of an FTS Agreement, including the direction of "forward" flow for the primary path(s), and define whether a secondary point is "in path" or "out of path." Shippers may nominate service at secondary points so that the direction of flow is the same as or the opposite from the primary path direction of flow, but if the direction of flow is opposite the primary path, such nomination shall be treated as being outside the primary path.

(d) Shippers under Rate Schedule ITS have access to all Points on FEP's System to the extent provided in Section 2.5(d) of these General Terms and Conditions. Shippers under Rate Schedule PALS has access to all Points on FEP's System, but the Points actually utilized for any specific service will be specified in the Request Order for Rate Schedule PALS. Shippers under Rate Schedule HAT have access to all Points in the Hub Area to the extent provided in Section 2.5(e) of these General Terms and Conditions.

2.5 INTERRUPTIBLE RATE SCHEDULES

This Section 2.5 governs the priority of interruptible services under Rate Schedules ITS, PALS and HAT on FEP's System.

(a) Service under Rate Schedules ITS, PALS and HAT shall be provided to the extent capacity is available, if any, after scheduling all of FEP's firm transportation service at primary and/or secondary points. FEP may decline to schedule and/or may curtail interruptible service under Rate Schedules ITS, PALS and HAT for any of the following reasons:

(1) If Shipper tenders Gas which does not conform to the applicable pressure or quality requirements of these General Terms and Conditions;

(2) For reason of Force Majeure;

(3) Due to routine repair and maintenance to be reasonably determined by FEP;

(4) Pursuant to Section 2.8 of these General Terms and Conditions;

(5) To rectify imbalances or to conform physical flows to nominations to the extent consistent with the specific Rate Schedule;

(6) To maintain System integrity;

(b) (1) To the extent there is insufficient capacity available to schedule all properly nominated and confirmed services under Rate Schedules ITS, PALS, HAT and FTS Authorized Overrun service, FEP shall schedule such service based on the rate to be paid, from highest to lowest unit rate, with service for which the highest unit rate being paid is scheduled first. Any Shipper paying the maximum rate applicable to its service (or revenue equal to or greater than the applicable maximum rate pursuant to a Negotiated Rate ~~or Negotiated Rate Formula~~) shall be afforded highest priority even if a Shipper which has agreed to a Negotiated Rate ~~or Negotiated Rate Formula~~ is paying a higher unit rate. In the event there is insufficient capacity to schedule all Rate Schedules ITS, PALS, HAT and FTS Authorized Overrun services for which the same rate is to be paid, FEP shall allocate the available capacity pro rata based on the confirmed nominated quantity.

(2) In interrupting or curtailing service under Rate Schedules ITS, PALS, HAT and FTS Authorized Overrun services due to lack of capacity, FEP shall (except as otherwise provided in subsection (c) below) interrupt such service based on the rate being paid, from lowest to highest unit rate, with service for which the lowest unit rate being paid is interrupted first. Any Shipper paying the maximum rate applicable to its service (or revenue equal to or greater than the applicable maximum rate pursuant to a Negotiated Rate ~~or Negotiated Rate Formula~~) shall be afforded highest priority even if a Shipper which has agreed to a Negotiated Rate ~~or Negotiated Rate Formula~~ is paying a higher unit rate. In the event there is insufficient capacity to continue all Rate Schedule ITS, PALS and HAT service for which the same rate is being paid, FEP shall allocate the available capacity pro rata based on the confirmed nomination quantity.

(c) This subsection discusses Rate Schedule PALS curtailment rules for Rate Schedule PALS:

(1) Service under Rate Schedule PALS shall not be scheduled if doing so would have an adverse effect on any firm service. Service under Rate Schedule PALS shall be scheduled and curtailed based on FEP's System operational capability. Service hereunder shall be interrupted and curtailed if continuation of such service would be detrimental to FEP's ability to provide any firm service. While service hereunder is not ordinarily expected to affect transportation capacity, if providing service hereunder would have an adverse effect on providing interruptible transportation service, a PALS Agreement shall for scheduling and allocation purposes be assigned the same priority as service under Rate Schedule ITS. The same priority shall be applied for scheduling and allocation in relation to service under Rate Schedule PALS or other PALS Agreements. Once a park or loan has been scheduled on any Day under Rate Schedule PALS, that park or loan shall not be interrupted or curtailed to effectuate any other interruptible service.

(d) An Agreement under Rate Schedule ITS will include all Receipt and all Delivery Points. Applicable maximum rates are specified in this Tariff.

(e) An Agreement under Rate Schedule HAT will include all Receipt and all Delivery Points in the Hub Area. Applicable maximum rates are specified in this Tariff.

2.6 UNAUTHORIZED OVERRUN GAS

No Shipper shall have any right to take Unauthorized Overrun Gas at any Point. Unauthorized Overrun Gas is subject to the charges set out in Section 9.2 of these General Terms and Conditions. To the extent FEP is unable to accept Unauthorized Overrun Gas without jeopardizing the safety of FEP's operations and/or its ability to meet its contractual obligations to other Shippers, such decisions to be solely within the judgment and discretion of FEP, FEP shall have the right to limit deliveries at the Point, curtail receipts of Gas at Receipt Points and/or to vent, without incurring any liability to Shipper, or any third party, such Unauthorized Overrun Gas as it is unable to accept and/or transport or take such other action as is necessary to manage the System. However, FEP shall use its best efforts to avoid or minimize such venting. If feasible, FEP will give prior notice to a Shipper before venting its Gas, but is not required to do so if operational considerations necessitate immediate venting. Quantities at Delivery Points which can be accommodated under an OBA shall not be considered Unauthorized Overrun Gas.

In light of Shipper's obligations to remain in balance under Section 10 of these General Terms and Conditions, to the extent that Receipt Point or Delivery Point imbalances are not accommodated under an OBA, an Unauthorized Overrun Gas Charge set out herein shall apply to all quantities tendered by or on behalf of Shipper or taken by or on behalf of Shipper at any Points in excess of confirmed nominations, under any Agreement ("Unauthorized Overrun").

2.7 OTHER FACTORS

FEP's service obligation hereunder shall be subject to Shipper providing nominations under Section 6 of these General Terms and Conditions, to the confirmation of nominations by upstream and downstream entities and to the circumstances identified in Section 2.2(d)(2) of these General Terms and Conditions.

2.8 DELINQUENCY IN PAYMENT

(a) Irrespective of any otherwise applicable priority, FEP may suspend service to any Shipper which is delinquent in payments under any Agreement, subject to the following conditions:

(1) FEP shall give Shipper written notice of the delinquency and of FEP's intent to suspend service if the deficiency is not cured. If the delinquency is not remedied within ten (10) days of such notice, FEP may suspend service. FEP shall simultaneously provide written notice to the Commission of any such suspension.

(2) If a Shipper which has been deficient in payment hereunder is again deficient in payment within six (6) Months after the prior deficiency, then FEP may suspend service to such Shipper within five (5) Business Days after providing notice hereunder unless Shipper remedies the deficiency within that time period.

(3) A Shipper shall not be obligated to pay any reservation charges for suspended service attributable to the period when that service is suspended.

(b) In addition to suspension, FEP may terminate service if the Shipper fails to remedy a delinquency in payment. Any such termination requires thirty (30) days' prior notice to Shipper and to the Commission. To avoid termination, the Shipper must remedy the deficiency within this notice period. Such notice may be given simultaneously with the initial notice under Section 2.8(a)(1) of these General Terms and Conditions.

(c) In the event of a good faith billing dispute, withholding of payment for the amount in dispute by Shipper shall not be considered a delinquency in payment, consistent with Section 11 of these General Terms and Conditions, and will not result in suspension or termination of service.

(d) FEP may not take any action under this Section 2.8 which conflicts with any order of the U.S. Bankruptcy Court.

5. NEW FACILITIES CHARGE

5.1 With respect to new or expanded interconnection facilities only, when such new and/or expanded facilities are required to accommodate receipt and/or delivery of Gas under a request for new or revised service, and FEP determines that installation of such facilities will not impair service to any existing Shipper or threaten the integrity of FEP's System, FEP will construct such facilities but, unless otherwise provided by contract, FEP shall require the requesting Shipper to pay the CIAC as defined in Section 1 of these General Terms and Conditions, except that FEP will pay the cost of such facilities when the criteria set forth in Section 5.2 are satisfied.

5.2 Notwithstanding Section 5.1, FEP may, but is not obligated to, pay all or a portion of the cost of new or expanded interconnection facilities; provided, however, that any agreement by FEP to bear such costs must be on a basis which is not unduly discriminatory.

5.3 Unless otherwise provided by contract, when FEP has previously paid for Receipt or Delivery Point facilities under this facilities reimbursement policy, the requesting Shipper shall, nevertheless, promptly pay FEP for FEP's net book value of such facilities when either of the following events occurs: (a) when FEP's ability to fully recover such costs is denied in any rate proceeding under Section 4 or Section 5 of the Natural Gas Act; or (b) when Shipper ceases operations at the facilities.

5.4 "Contribution in Aid of Construction" or "CIAC" shall, unless otherwise mutually agreed, mean the payment made to FEP for the installation of new or expanded facilities at interconnection points for the receipt by FEP or the delivery by FEP of Gas on behalf of Shipper. Unless otherwise agreed, the CIAC shall include all construction costs, including any filing fee (Investment Costs), on a mutually agreed payment schedule. In addition, if applicable, Shipper shall provide a reimbursement amount to compensate for income tax effects associated with the CIAC.

9. OVERRUN AND UNAUTHORIZED OVERRUN GAS CHARGES AND PENALTY REVENUE

9.1 AUTHORIZED OVERRUN CHARGES

If deliveries to a Shipper exceed its Contract and/or Point MDQ under an Agreement but represent quantities properly nominated and confirmed, an Authorized Overrun Charge shall apply; provided, however, that in no event shall an Authorized Overrun Charge apply for any such quantities in excess of Shipper's Point MDQ at a specific point which were properly nominated and confirmed (i) on a secondary firm basis, or (ii) on a primary firm basis consistent with Shipper's Primary Delivery Point rights under Section 2.3(b) of Rate Schedule FTS. The applicable maximum Authorized Overrun Charge for transportation under Rate Schedule FTS shall be a maximum Authorized Overrun Rate determined as the 100% load factor derivative of the maximum reservation and commodity rates. The applicable maximum Authorized Overrun Rate under Rate Schedule ITS, PALS or HAT shall equal the maximum rate for Rate Schedule ITS, PALS or HAT (separate rates are set out in this Tariff). The maximum Authorized Overrun Charge under Rate Schedule ITS, PALS or HAT shall equal the maximum Authorized Overrun Rate multiplied by the number of Dth of the Authorized Overrun Gas. Such Authorized Overrun Rates may be discounted on a non-discriminatory basis to any level between the minimum and the maximum Authorized Overrun Rate or may be determined pursuant to a Negotiated Rate ~~or Negotiated Rate Formula~~ agreement.

9.2 UNAUTHORIZED OVERRUN GAS CHARGES

If an Unauthorized Overrun Gas Charge applies, the Shipper shall pay FEP an Unauthorized Overrun Gas Charge equal to the quantity of the Gas the Shipper delivered in excess of confirmed nominations multiplied by the Unauthorized Overrun Gas Charge. The maximum Unauthorized Overrun Gas Charge is 2 times the maximum Rate Schedule ITS Commodity Charge; provided, however, that the Unauthorized Overrun Gas Charge may be discounted to any level between the minimum and this maximum rate or may be determined pursuant to a Negotiated Rate ~~or Negotiated Rate Formula~~ agreement. Swings accommodated under an OBA shall not be subject to a charge under this provision.

9.3 PENALTY REVENUE

All amounts collected by FEP for penalties, ~~commencing with the Commencement Date,~~ shall be determined for each annual period ending December 31 and distributed, through a credit to current billings wherever feasible, within ninety (90) days after each December 31 ~~(the initial period shall be the partial annual period commencing with the Commencement Date and ending on the ensuing December 31).~~ For purposes of this subsection, penalties shall include Balancing Service Charges and charges for failure to comply with an Operational Flow Order (including during a Critical Time). Such distribution shall be made as follows:

(a) These amounts shall be used first to compensate FEP for any cash out expenses and for any extraordinary out-of-pocket costs it has incurred (including any compensation FEP agreed to provide for voluntary actions) to alleviate the conditions created by the violation or which resulted in the issuance of an Operational Flow Order or the declaration of Critical Time or other operational action taken by FEP under Section 31 of these General Terms and Conditions. Costs that may be netted against penalty revenue may include only actual, verifiable and prudent incremental costs incurred to resolve the reliability concerns actually caused by the particular party or parties against which the penalty has been assessed and must relate to a circumstance which resulted in the penalty revenue to be credited under this provision. If these amounts are not adequate to reimburse FEP for its expenses, such unreimbursed expenses shall be carried forward to future annual periods until recouped.

(b) (1) Any remaining amounts will be refunded pro rata to all Shippers, except as provided below, through a credit to current billing wherever feasible, based on each Shipper's total of the Contract MDQs under FTS Agreements, plus nominated and confirmed (scheduled) quantities under Rate Schedules ITS and HAT, and the quantity of gas parked or loaned each month under each PALS Agreement; provided, however, that such calculation shall exclude quantities for any Shipper during any Month in which such Shipper failed to comply with an Operational Flow Order. In the event that for any Month, no penalty revenues are distributed because all Shippers failed to comply with Operational Flow Orders that Month, then the amount of penalty revenue for that Month may be held by FEP for application under Section 9.3(a) for a period of up to two (2) years, at which time that amount will be included in the amounts for distribution in the then current annual period to the extent not offset by costs under Section 9.3(a). The refunds in the prior sentence shall be calculated on a Monthly basis but distribution of the credit shall be annual. If the costs to be netted against penalty revenue exceed the penalty revenue in any Month, the excess costs may be carried forward to be applied against penalty revenue in subsequent Months. Thus, while distribution is made annually, the net penalty revenue credit shall be calculated on a Monthly basis, subject to the carry forward of costs as stated in the prior sentence. A Shipper which incurred Unauthorized Overrun Gas Charges or which failed to comply with an Operational Flow Order shall be excluded from distribution of net penalty revenues only for the Month in which that violation occurred.

(2) Where capacity has been released, any amounts distributed to the Original Shipper and the calculation and amounts distributed to the Original Shipper shall be based on the Contract MDQ and flowing quantities of Gas for that Shipper (without considering any contracts of Replacement Shippers) during the relevant annual period; provided, however, that in the case of a permanent release, any amounts distributed hereunder with respect to the released capacity shall be distributed to the Replacement Shipper and the calculation and the amounts distributed to the Replacement Shipper shall be based on the Contract MDQ and flowing quantity for that Replacement Shipper during the relevant annual period. FEP shall file with the Commission a refund report for each annual distribution of penalty revenue under this subsection.

14. CAPACITY RELEASE BY FIRM SHIPPERS

In this Section 14, Releasing Shipper shall mean a Shipper who releases or is seeking to release all or any part of its firm transportation capacity to a third party.

Replacement Shipper shall mean a third party who receives either temporarily or permanently released capacity, as defined below, from the Releasing Shipper under the Capacity Release Program.

For index-based capacity release, Rate Floor shall mean the lowest rate specified in the capacity release offer in dollars and cents that is acceptable to the Releasing Shipper. The Rate Floor may not be less than FEP's minimum reservation charge or zero cents when there is no stated minimum reservation charge.

For index-based capacity release, Rate Default shall mean the non-biddable rate specified in the capacity release Offer to be used for invoicing purposes when the result of the index-based formula is unavailable or cannot be computed. If a Rate Default is not otherwise specified, the Rate Floor shall serve as the Rate Default.

14.1 INTRODUCTION

Permanent Release: Under the Rate Schedule FTS, Releasing Shipper will have the ability to permanently release its capacity, or any portion thereof. FEP is not required to but may choose to accept a bid at less than the rate provided for in Releasing Shipper's Service Agreement provided that (i) Releasing Shipper remits as an exit fee, a lump sum payment for the positive difference between the rate provided for in the Releasing Shipper's Service Agreement and the bid rate for the full term of the capacity release, or agrees to remain liable for any positive difference between the Releasing Shipper's contract rate and the bid rate for the full term of the capacity release, and (ii) when the Releasing Shipper's contract is at maximum tariff rates, FEP and Replacement Shipper reach agreement on a mechanism permitting the periodic adjustment to the bid rate to reflect subsequent rate adjustments filed for and approved by the FERC. Upon such permanent release, except as provided for herein for releases at less than the Releasing Shipper's contract rates, Releasing Shipper is relieved of its obligation to FEP for payment of reservation charges and any surcharges to the reservation charge.

Temporary Release: Under the Rate Schedule FTS, Releasing Shipper will have the ability to temporarily release its capacity, or any portion thereof, for a term designated by Releasing Shipper not to exceed the term of its underlying Service Agreement. Upon such release, Releasing Shipper remains responsible to FEP only for payment of reservation charges and any surcharges to the reservation charge, in compliance with the underlying Service Agreement.

Releasing Shipper has the right to tender its capacity to FEP to be released to potential Replacement Shippers. The release of capacity is a permanent or temporary release of capacity from specified Receipt Point(s) to specified Delivery Point(s), for a designated term and rate.

14.2 EVALUATION METHODS

All capacity available for release shall be allocated to the Replacement Shipper(s) based upon one of the following methods, as determined by Releasing Shipper:

- (a) Highest rate;
 - (b) Highest net revenue;
 - (c) Highest present value calculated in accordance with Section 2.1(c) herein;
- and
- (d) Shipper designated method.

For index-based capacity release, the Releasing Shipper shall provide the necessary information and instructions to be used for the evaluation.

14.3 OFFER TO RELEASE CAPACITY

(a) During any period in which the Releasing Shipper wishes to release its firm capacity, the following information relating to the availability of such capacity shall be posted on FEP's Interactive Website:

- (1) MAXDTQ available per day, in dekatherms, and the total release period quantity;
- (2) Term;
- (3) Receipt and Delivery Point(s), and any restrictions which will be placed on the modifications of primary Receipt and primary Delivery Points;
- (4) Rates;
- (5) Whether and to what extent the capacity (under a temporary release) will be subject to recall, and the terms and conditions applicable to such right to recall or reput;
- (6) The method under which capacity is to be allocated;
- (7) The party to contact;
- (8) The method by which ties will be broken;

(9) If minimum conditions are to be disclosed during the open season, any minimum conditions concerning the rate, term, or volume that the Releasing Shipper is willing to accept, including whether a volumetric rate will be accepted and, if so, the method for evaluating such bid;

(10) Whether the Releasing Shipper is willing to accept contingent bids and when the contingency must be removed;

(11) The date when bids and executed Service Agreements must be submitted;

(12) Whether the release is permanent or temporary;

(13) Whether the release is a re-release;

(14) For Pre-Arranged releases, whether the release is to an asset manager or a marketer participating in a state-regulated retail access program, as defined by FERC regulations at 18 C.F.R. 248.8;

(15) For index-based capacity release, the Rate Floor; and

(16) Other special terms or conditions, if any.

(b) Any Releasing Shipper offering capacity for Capacity Release will, by electronically posting capacity or by having FEP electronically post capacity, automatically enter into an amendment to Shipper's underlying contract, subject to procedures set out in Rate Schedule FTS. Such amendment shall take effect only upon the confirmation of a prearranged deal or upon the award of such capacity.

(c) The information set forth in the offer to release capacity shall be posted on FEP's Interactive Website by the Releasing Shipper, or by FEP if requested by Releasing Shipper. FEP shall only post completed offers to release capacity. Such information shall be posted in accordance with the minimum time periods set forth in Section 14.4. With respect to offers to be posted by FEP, FEP shall post any such offer upon receipt, unless the Releasing Shipper requests otherwise. The Releasing Shipper may request a posting time consistent with the time lines set forth in Section 14.4. A Releasing Shipper shall separately provide to FEP any minimum conditions that are not to be disclosed in the offer to release capacity.

(d) FEP shall post on its Interactive Website the following information in the offer to release capacity:

(1) The maximum reservation rate (including reservation surcharges) specifically applicable to the Shipper's capacity being released,

(2) The date and time by which bids must be submitted under the applicable allocation method,

(3) The date and time the notice is posted on the Interactive Website, and

(4) Latest date and time capacity will be awarded in accordance with the time lines set forth in this Section 14.

(e) Withdrawal of offer to release capacity: The Releasing Shipper may withdraw or cause FEP to withdraw the offer to release capacity up to the close of the applicable bid submittal period; provided, however, withdrawal will be allowed only if the Releasing Shipper has an unanticipated requirement for the capacity and no minimum bid has been made. An offer to release capacity is binding until notice of withdrawal is received by FEP on its Customer Activities Web site.

(f) Releasing Shippers may, to the extent permitted as a condition of the capacity release, recall released capacity. The Releasing Shipper shall submit the Releasing Shipper's recall or reput notices to FEP using FEP's Interactive Website in accordance with the deadlines and procedures established in the NAESB Standards. Notification by FEP to all affected Replacement Shippers for each recall that is processed shall be through direct notice using Internet E-mail or direct notification to Shipper's Internet URL address. Shipper is responsible for providing current addresses to FEP. Failure of Shipper to maintain current addresses on file with FEP will relieve FEP of this obligation. FEP has the right to rely on a Releasing Shipper's notice and a Releasing Shipper shall defend and indemnify FEP against any claims, losses, liabilities, or expense (including reasonable attorneys' fees) resulting from claims by any Replacement Shipper that released capacity was not recalled in accordance with the recall rights specified in the Releasing Shipper's offer.

14.4 MINIMUM TIME PERIODS FOR BIDDABLE RELEASED CAPACITY

The following are the minimum time periods for biddable released capacity based on the term for which that capacity is released. The offers may be posted for any longer periods of time.

(a) For biddable releases (1 year or less):

(1) Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.

(2) Open season ends at 10:00 a.m. on the same or a subsequent Business Day.

(3) Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.

(4) If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.

(5) Where match is required, the match is communicated by 11:00 a.m. the match response occurs by 11:30 a.m., and the award is posted by 12:00 Noon.

(6) The contract is issued within one hour of the award posting (with a new contract number, when applicable).

(7) Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

(b) For biddable releases (more than 1 year):

(1) Offers should be tendered such that they can be posted by 9:00 a.m. on a Business Day.

(2) Open season shall include no less than three 9:00 a.m. to 10:00 a.m. time periods on consecutive Business Days.

(3) Evaluation period begins at 10:00 a.m. during which any contingencies are eliminated, determination of best bid is made, and ties are broken.

(4) If no match is required, the evaluation period ends and the award is posted by 11:00 a.m.

(5) Where match is required, the match is communicated by 11:00 a.m., the match response occurs by 11:30 a.m., and the award is posted by 12:00 Noon.

(6) The contract is issued within one hour of the award posting (with a new contract number, when applicable).

(7) Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

14.5 OPEN BIDS/WITHDRAWAL OF BIDS

(a) Open Bids - The bidding process shall be open;

(1) During the open season and bid submittal periods, all valid bids will be posted listing all pertinent terms and conditions of the valid bids without posting bidders' names;

(2) A bidder may not have more than one bid submitted for a given package of released capacity at the same time, except that it may withdraw a bid as specified below; and

(3) There will be no extensions of the original bid period or the pre-arranged deal match period.

(b) Withdrawal of Bids:

(1) A bidder may withdraw a bid for the released capacity up to the close of the open season or bid submittal period;

(2) Once a bidder has withdrawn its bid, the bidder may only submit a new bid for that released capacity at a higher rate;

(3) Bids are binding until notice of withdrawal is received by FEP on its Customer Activities Web site.

(c) Valid Bids:

In order to be valid, a Bid must include a completed bid form and an executed firm transportation Service Agreement (including electronically executed) which conforms with and adheres to the method specified in the Offer to release capacity and is submitted within the required time period for such offer to release capacity. A valid Bid may contain FEP's maximum reservation rate as an alternative to Releasing Shipper's capacity release Offer, except when the capacity release is index-based for a term of one year or less or utilizes market-based rates. Invalid bids will be rejected.

Any Pre-Arranged Shipper acquiring capacity through capacity release which confirms a prearranged deal and any Replacement Shipper which submits a bid for posted capacity will, by confirmation or entering a bid, respectively, automatically enter into a service agreement for the service set out in the posting of the prearranged deal or in the bid, respectively, effective upon the respective confirmation or award of such capacity.

(d) Bid Evaluation:

FEP will evaluate and rank all bids in all situations in accordance with the evaluation methodology specified by the Releasing Shipper in the offer to release capacity. Such timely bid, if determined to be valid, should be evaluated by FEP for the purpose of identifying the winning bidder associated with the offer upon which the bid was made. The evaluation period will end in accordance with Section 14.4.

(e) Award Posting:

(1) FEP will communicate the award of released capacity and will issue the contract in accordance with Section 14.4; provided however, in the event of a non-biddable pre-arranged deal, then FEP will post the award of released capacity; and

(2) FEP shall post the award regarding each deal on its Internet Website for a period of seven (7) days. Irrespective of when the notice of completed deal is posted, service shall commence once capacity has been awarded and a Service Agreement has been executed by both parties;

14.6 PROCEDURE FOR A PRE-ARRANGED DEAL

When capacity is released under a pre-arranged deal, the posting and bidding procedure set forth in this Section shall apply and the terms of such deal shall be posted on FEP's Interactive Website as soon as possible, but not later than the first nomination, after the release transaction commences. In addition, FEP will provide a copy of the pre-arranged deal to any requesting party within one business day.

(a) Procedures for Pre-Arranged Deals Not Subject to Bid

There shall be no posting and bidding procedures for the following non-biddable pre-arranged deals: (1) releases to an asset manager, as defined by FERC regulations at 18 C.F.R. 284.8, (2) releases to a marketer participating in a state-regulated retail access program as defined by FERC regulations at 18 C.F.R. 284.8, (3) releases for more than one year at the maximum rate, or (4) releases with terms of thirty-one (31) days or less, unless Releasing Shipper provides otherwise.

The posting of prearranged deals that are not subject to bid are due no later than one hour prior to the nomination deadline for the applicable cycle, pursuant to NAESB WGQ Standard No. 1.3.2. The posting deadlines are:

- | | |
|--------------------|------------|
| • Timely Cycle | 12:00 Noon |
| • Evening Cycle | 5:00 p.m. |
| • Intraday 1 Cycle | 9:00 a.m. |
| • Intraday 2 Cycle | 1:30 p.m. |
| • Intraday 3 Cycle | 6:00 p.m. |

The contract is issued within one hour of the award posting (with a new contract number, when applicable).

Nomination is possible beginning at the next available nomination cycle for the effective date of the contract.

(b) Procedures For Bidding on a Pre-Arranged Deal

(1) Third Party Bid: Any third party may submit a bid for the released capacity by offering a better bid than the posted bid for said capacity, with rates not to exceed the maximum rate which may be collected by FEP.

(2) Third Party Obligation: Any third party bid shall be identical to the pre-arranged deal, excluding those terms which are subject to bidding as set forth in the offer to release capacity.

(3) Bid Evaluation: Subject to the Pre-Arranged Shipper's posting and bidding procedure, capacity shall be allocated to such third party (or parties, if the winning bids are for portions of the total capacity available) submitting the best bid, as determined by FEP, based upon the Releasing Shipper's criteria. In the event two or more third parties submit equivalent best bids, as determined by FEP, based upon the Releasing Shipper's criteria and such bids are for more than the total available capacity, the capacity shall be allocated by means of any non-discriminatory, objective standard designated by Releasing Shipper, and included in the offer to release capacity (or, if no designation, then by means of a pro rata allocation).

(4) Pre-Arranged Shipper posting and bidding procedure: In the event a third party(ies) submits a better bid than the Pre-Arranged Shipper, FEP shall communicate, in accordance with Section 14.4, to the Pre-Arranged Shipper, that a third party(ies) has submitted a better bid. The Pre-Arranged Shipper shall have the right to match said offer during the minimum time period set forth in Section 14.4.

(5) If the Pre-Arranged Shipper chooses to match the better bid, then FEP shall allocate said capacity to the Pre-Arranged Shipper. In the event the Pre-Arranged Shipper declines to match the better bid, the Pre-Arranged Shipper shall have no further right to said capacity, and FEP shall assign said capacity to the successful bidding third party(ies).

14.7 ADDITIONAL PROVISIONS

(a) Direct Postings: If a Releasing Shipper/bidder directly posts an offer to release capacity/bid on FEP's Interactive Website, such offer/bid shall be subject to certain corrections by FEP for errors discovered upon FEP's review of such offer/bid. FEP shall have the right to amend any offer/bid found to be incorrect after FEP verifies such offer/bid within twenty-four (24) hours of the posting of such offer/bid. FEP shall notify Releasing Shipper/bidder prior to amending any such offer/bid.

(b) Service Agreement Amendments: No amendments may be made to the Service Agreement except that: 1) a Replacement Shipper, to the extent not restricted under the terms of its Service Agreement, shall have the same right to change primary Receipt and Delivery Point(s) as any other FTS Shipper; and 2) upon mutual agreement of the Releasing Shipper and the Replacement Shipper, the Service Agreement will be terminated by FEP.

(c) **Marketing of Released Capacity:** FEP shall have no obligation to market any capacity available to be released by Releasing Shipper; however, FEP may agree to market capacity for Releasing Shipper and may negotiate a fee with the Releasing Shipper for such service ("Marketing Fee").

(d) **Billing:** For any releases of capacity (primary, secondary, or subsequent), FEP shall directly bill the Replacement Shipper the negotiated rate for the released capacity, as well as any applicable usage charges and penalties which may be assessed on such transaction. The Replacement Shipper shall pay such amounts directly to FEP in accordance with the requirements of the Rate Schedule FTS and FEP shall apply such amounts first to the reservation charge(s) due for transportation service and then to any reservation surcharges(s) (if applicable), including late charges related solely to such reservation charge(s), then to any penalty due, then to commodity charges, and finally to late charges not related to any reservation charge(s) due. The Releasing Shipper will be billed for and shall pay to FEP any negotiated Marketing Fee plus the difference between the FEP's applicable rates under the Releasing Shipper's Service Agreement and the negotiated rates billed to the Replacement Shipper, subject to Section 14.8(f). In the event that the Replacement Shipper's as-billed rate exceeds the Releasing Shipper's applicable rate, the difference shall, at the Releasing Shipper's discretion, either be credited by FEP to the Releasing Shipper's account with FEP, or be refunded. Any amounts credited shall be limited to reservation charge revenues received from the Replacement Shipper pursuant to the Replacement Shipper's Service Agreement with FEP. If a refund is elected by the Releasing Shipper, FEP shall make such refund by wire transfer within ten days of its receipt of final payment from the Replacement Shipper, together with interest computed at the maximum allowable interest rate permitted under the Commission's Regulations.

(e) **Termination for Non-payment:** Should Replacement Shipper not make full payment of all amounts billed to it by FEP within ten (10) days of the date of any invoice, FEP shall notify the Replacement Shipper in writing, with a courtesy copy to Releasing Shipper, advising that if default continues for a thirty day period from such invoice date, the Service Agreement may be terminated; provided however, Replacement Shipper may avoid termination by providing FEP with good and sufficient indemnity bond. If Replacement Shipper fails to cure or remedy non-payment within such thirty (30) day period, the Service Agreement between FEP and the Replacement Shipper may be terminated at the discretion of FEP or Releasing Shipper, and Releasing Shipper shall immediately be able to again release such capacity under these procedures.

14.8 GENERAL TERMS AND CONDITIONS

(a) All released capacity will have priority over FEP's interruptible service;

(b) **Secondary Points:** Secondary Receipt Points and Secondary Delivery Points may be utilized by a Replacement Shipper, subject to available capacity;

(c) **Rates:** Releasing Shipper cannot release capacity for an effective price less than FEP's minimum rates nor more than FEP's just and reasonable maximum rates, as set forth in FEP's current FERC Gas Tariff. The maximum rate that may be charged for capacity released is the

maximum firm rate which may be charged by FEP for such transportation, plus Fuel Gas, Lost and Unaccounted For Gas, Booster Compression Fuel, and all applicable surcharges. If the Releasing Shipper is paying a Negotiated Rate ~~or a rate under a Negotiated Rate Formula~~ pursuant to Section 30 of these General Terms and Conditions, a Qualified Bidder may not bid a rate which exceeds the higher of such rate or the applicable Recourse Rate. Except that no maximum rate limitation applies to a release of capacity for a period of one year or less if the release is to take effect on or before one year from the date on which Transporter is notified of the release.

Releasing Shipper should specify which one of the following methods is acceptable for bidding on a given capacity release offer: (1) non-index-based release - dollars and cents; (2) non-index-based release - percentage of maximum rate; or (3) index-based formula as detailed in the capacity release offer.

The bids for the given capacity release offer should adhere to the method specified by the Releasing Shipper. Maximum and minimum rates specified by the Releasing Shipper must include the Reservation Charge and all reservation surcharges.

(d) Secondary/Subsequent Releases: Replacement Shipper, and any third parties receiving capacity rights from any Replacement Shipper, will be authorized or permitted to release the capacity to other third parties only under the same set of conditions described herein, i.e., any Replacement Shipper will be considered the Releasing Shipper for purposes of subsequent assignments of capacity, and any third party receiving such capacity in such transactions will be considered the Replacement Shipper.

(e) Creditworthiness: Qualification for participation in the capacity release program - Any potential Replacement Shipper that wishes to acquire released capacity under the capacity release program must satisfy the creditworthiness requirements contained in Section 12 of the General Terms and Conditions of this Tariff by pre-qualifying prior to submitting a bid for capacity. Upon pre-qualification, FEP shall continue to review potential Replacement Shipper's financial records and other sources of public information for creditworthiness. FEP shall have the right to amend a potential Replacement Shipper's line of credit from time to time and thereby lower or increase the quantity and term for which potential Replacement Shipper is qualified to submit future bids for released capacity. A potential Replacement Shipper cannot bid for released capacity which exceeds its qualified level of creditworthiness. Notwithstanding the determination of creditworthiness, FEP does not guarantee the payment of any outstanding amounts by a Replacement Shipper.

(f) Shipper Liability: In the event capacity is temporarily released hereunder, liability for payment of reservation charges and any surcharges applicable to the reservation charge will remain with the Releasing Shipper. If the Releasing Shipper permanently releases capacity hereunder, FEP will relieve said Releasing Shipper from its obligations under its Service Agreement, if (1) the release is at or above the rates provided for under (and for the remaining term of) Releasing Shipper's Service Agreement or, (2) the release is at less than rates provided for in Releasing Shipper's Service Agreement and the Releasing Shipper remits as an exit fee, a lump sum payment for the positive difference between the Releasing Shipper's contract rate and the bid rate

for the full term of the capacity release, and, when the Releasing Shipper's contract is at maximum tariff rates, the Replacement Shipper and FEP reach agreement on a mechanism permitting the periodic adjustment to the bid rate to reflect subsequent rate adjustments filed for and approved by the FERC. The Replacement Shipper and any of its subsequent assignees shall be responsible for any amounts billed to them under Section 14.8(e) of this Tariff, but shall not be responsible for any other amounts billed to the Releasing Shipper.

(g) FEP's Right to Terminate a Temporary Capacity Release: FEP may elect to terminate a Replacement Shipper's Service Agreement, upon fourteen (14) days written notice to the Replacement Shipper, under the following conditions:

(1) The Releasing Shipper has failed to maintain creditworthiness in accordance with Section 12 of the General Terms and Conditions of this Tariff;

(2) FEP has terminated the Releasing Shipper's Service Agreement in accordance with Sections 12 of the General Terms and Conditions of this Tariff; and

(3) The rate stated in the effective Replacement Shipper's Service Agreement is less than the Releasing Shipper's contract rate.

The Replacement Shipper may avoid termination of the temporary capacity release if, prior to the end of the fourteen (14) day notice period, the Replacement Shipper agrees that, beginning the first day after the end of the fourteen (14) day notice period, it will pay the lower of (1) the former Releasing Shipper's contract rate, or (2) the maximum applicable reservation and commodity rates as stated in this Tariff for the applicable service for the remainder of the Replacement Shipper's contract term.

(h) Term Limitation: The term of any agreement providing for the release of capacity cannot extend beyond the term of the underlying Service Agreement. Released capacity may be allocated with a future effective date.

(i) Refunds: Releasing Shipper and any Replacement Shipper must track any changes in FEP's rates approved by the Commission. In the event the Commission orders refunds of any such rates charged by FEP and previously approved, FEP and/or Releasing Shipper, as the case may be, must make corresponding refunds to such Releasing Shipper or any Replacement Shipper, to the extent that Releasing Shipper or Replacement Shipper(s) has paid a rate in excess of FEP's just and reasonable, applicable maximum rates, unless otherwise specified by the terms of the release.

(1) Refunds Due Under Releases Greater Than One Year. If FEP is obligated to refund any amounts attributable to reservation charges for capacity which has been released, FEP shall make the applicable refund to the Replacement Shipper to the extent that FEP has actually received reservation charge amounts from the Replacement Shipper in excess of the amounts assessable under the revised maximum reservation charge rates (which amounts are credited to the account of the Releasing Shipper under this Subsection). Except as may otherwise be provided pursuant to Section 30.4 of these General Terms and Conditions, FEP shall make a

corresponding adjustment to the capacity release credit provided to the Releasing Shipper, and may reduce the capacity release credit in a lower refund or adjusted billings to the Releasing Shipper. Any other applicable reservation charge refund shall go to the Releasing Shipper. Except as may otherwise be provided pursuant to Section 30.4 of these General Terms and Conditions, commodity rate refunds shall go to the party which paid the commodity charge.

(2) Refunds Due Under Releases One (1) Year or Less. If FEP is obligated to refund any amounts attributable to reservation charges for capacity which has been released above the maximum rate for one year or less, FEP shall make the applicable refund to the Releasing Shipper notwithstanding the amount that FEP has actually received from the Replacement Shipper (which amounts are credited to the account of the Releasing Shipper under this Subsection). FEP shall reflect the same credit from the Replacement Shipper but shall adjust its billing to the Releasing Shipper to reflect the revised maximum reservation rates. Except as may otherwise be provided pursuant to Section 30.4 of these General Terms and Conditions, commodity rate refunds shall go to the party which paid the commodity charge.

(j) Conditions: Releasing Shipper and any Replacement Shipper are authorized to impose reasonable, nondiscriminatory conditions upon the release of their capacity on FEP's System. Such conditions must not be inconsistent with FEP's FERC Gas Tariff and the Service Agreement between the Releasing Shipper and FEP or Replacement Shipper and FEP.

(k) Rollover Limitations: A Releasing Shipper may re-release to the same Replacement Shipper for a term of thirty-one (31) days or less if either: (1) a period of twenty-eight (28) days has elapsed after the first release for thirty-one (31) days or less has expired or (2) an offer to release capacity has been posted, and capacity has been allocated to the shipper submitting the best bid. The twenty-eight (28) day hiatus does not apply to releases to an asset manager or marketer participating in a state-regulated retail access program, as defined by FERC regulations at 18 C.F.R. 284.8. An agreement for capacity to be released for a term of thirty-one (31) days or less shall not contain an evergreen provision and may not be rolled over for any additional time period.

(l) Capacity Release Timeline: The capacity release timeline as described herein is applicable to all parties involved in the capacity release process provided that: (1) all information provided by the parties to the transaction is valid and the Replacement Shipper has been determined to be creditworthy before the capacity release bid is tendered; (2) for index-based capacity release, the Releasing Shipper has provided FEP with sufficient instructions to evaluate the corresponding bid(s) according to the timeline; and (3) there are no special terms or conditions of the release. Further, FEP may complete the capacity release process on a different timeline if the Offer includes unfamiliar or unclear terms and conditions (e.g., designation of an index not supported by FEP).

(m) Service for the Replacement Shipper under FEP's capacity release program shall be in accordance with the terms and conditions of the applicable Rate Schedule of FEP's FERC Gas Tariff and Replacement Shipper's Service Agreement.

(n) A Replacement Shipper may submit changes to its primary Point(s) consistent with its Service Agreement, its contract demand, the terms of the offer by the Releasing

Shipper and subject to available capacity. If a Replacement Shipper has contracted for a temporary capacity release, and the Releasing Shipper has limited the movement of the primary Point(s), then the Replacement Shipper must submit dual requests for changes: one for the Point change that it is requesting and a second where the primary Point(s) of the Releasing Shipper are requested at the end of the temporary capacity release.

14.9 Request to Purchase Releasable Capacity

Any party may initiate a request to purchase releasable firm capacity by following the instructions posted on FEP's Informational Postings website located at <http://feptransfer.energytransfer.com> under "Notices, Request to Purchase Releasable Capacity." The form shall specify the terms and conditions of the request and the location of the posting on FEP's Informational Postings website. Such offer to purchase released capacity shall be posted on FEP's website for 30 Days.

16. PRE-GRANTED ABANDONMENT, CONTRACT ROLLOVERS AND RIGHT OF FIRST REFUSAL

16.1 GENERAL

Subject to Section 16.3, service performed by FEP under Part 284 of the Commission's Regulations shall expire, and shall be automatically abandoned, upon contract termination under: (a) any FTS transportation Agreement with a primary term of less than one (1) Year; and (b) any ITS, PALS or HAT Agreement regardless of term. Service under any FTS transportation Agreement with a term of one (1) Year or greater shall expire, and shall be automatically abandoned, on contract termination unless service is continued pursuant to Sections 16.2 or 16.3. Rights under this Section 16 shall not be available to the extent provided in Section 2.1(b)(7) of these General Terms and Conditions (relating to limited time period contracts).

~~———— Prior to the expiration of the term of an Agreement(s), FEP and Shipper may mutually agree to renegotiate the terms of such Agreement(s) in exchange for Shipper's agreement to extend the use of at least part of its existing service under a restructured Agreement(s), without having to utilize the Right of First Refusal process set forth in this Section 16. Such restructured Agreement(s) shall be negotiated on a case by case basis in a not unduly discriminatory manner. If an Agreement has a regulatory Right of First Refusal, the agreement to extend must be reached prior to FEP's posting the capacity for bidding. To the extent that FEP and Shipper have mutually agreed to such an Agreement(s), the requirements of Section 2.1(b)(6) of these General Terms and Conditions shall not apply.~~

———— 16.2 RIGHT OF FIRST REFUSAL

(a) Any Shipper under a firm service Agreement with a term of one (1) Year or greater and with a rate equal to the applicable maximum rate shall have the right to continue receiving service after the expiration of its existing Agreement to the extent consistent with this Section 16.2. The prior sentence shall (unless otherwise agreed) include any such firm Agreement which incorporates a Negotiated Rate ~~or Negotiated Rate Formula~~ if (unless otherwise agreed) the revenue under such an Agreement equals or exceeds the revenue at the applicable maximum rate. FEP shall set out in the posting described in subsection 16.2(b) below the forms of bids which may be submitted in the Right of First Refusal. Bids may always be submitted in the rate form underlying the applicable maximum rate. Bids in the form of a Negotiated Rate ~~or Negotiated Rate Formula~~ may only be submitted if permitted in the posting. A match by the existing Shipper must be made in a bid form permitted under the posting. FEP shall not be required to provide service under the Right of First Refusal procedure at a discount from the applicable maximum rate unless it otherwise agrees. If a bid is submitted for a Negotiated Rate ~~or Negotiated Rate Formula~~, the value of that bid for evaluation purposes shall be capped at, and the existing Shipper need only match, the lesser of the value of the bid at the Negotiated Rate ~~or Negotiated Rate Formula~~ or the value of that bid utilizing the Recourse Rate in lieu of the Negotiated Rate ~~or Negotiated Rate Formula~~.

(b) To exercise the Right of First Refusal, the existing Shipper must provide FEP with notice of its intent to do so in a form specified by FEP and must submit such notice at least nine (9) Months prior to the expiration of the existing Agreement. FEP shall advise Shipper in writing of the date by which such notice must be submitted at least one (1) Month prior to the last day on which such notice can be made on a timely basis. Such notice must specify a desired term of service, the desired Contract MDQ and the desired Point MDQ at each Receipt and Delivery Point. If the requested Contract MDQ is greater than Shipper's existing Contract MDQ and/or if the Point MDQ is greater than the existing Point MDQ at any Receipt and Delivery Point, any such increase shall be treated as a request for new service under the applicable Rate Schedule and only the original quantity shall be subject to the Right of First Refusal under this Section. The Right of First Refusal may apply to a portion of the existing Shipper's Contract MDQ for its then effective service. Any notice specifying a decrease in Contract MDQ or Point MDQ shall not affect the existing Agreement during its remaining term.

(c) Within fifteen (15) days after receipt of a notice under Section 16.2(b), FEP shall post on the Informational Postings portion of its Interactive Website an Announcement of Capacity Availability Subject to Right of First Refusal (Capacity Announcement) which shall: (1) specify the existing Shipper's service rights; (2) indicate the availability of such service as of the date the existing Agreement expires, subject to the Right of First Refusal; (3) state the maximum rate applicable to such service; (4) set out any other information required by this Section; and (5) solicit bids for such service. Such Capacity Announcement shall be maintained, and bids accepted via FEP's Interactive Website, for a period of at least ten (10) days from the initial posting.

(d) (1) Within one (1) week after the end of the ten (10) day period during which the Capacity Announcement is posted, FEP shall convey to the existing Shipper a term sheet for the best bid (based on price and term) which would qualify for such service in all respects (including meeting applicable credit criteria), which is a bona fide bid and which FEP is willing to accept. FEP may, but is not required to, accept any bid which reflects a discount from the applicable maximum rate. In assessing which is the best bid if more than one bid is received, FEP shall apply the same criteria as are utilized to allocate firm capacity pursuant to Section 2.1 of these General Terms and Conditions.

(2) FEP's term sheet shall contain any and all terms of the bid but shall not identify the bidder; provided, however, such bid sheet shall indicate if the best bid was submitted by an affiliate of FEP. Except for the providing of such term sheet to the existing Shipper, all terms and conditions of any bid and the identity of the bidder shall remain confidential; provided that the Commission may on request have access to such information on a confidential basis.

(3) The existing Shipper shall have two (2) weeks to notify FEP whether or not it desires to match the best bid. If the existing Shipper seeks to retain only a portion of its Contract MDQ, the analysis of whether the existing Shipper has matched the best bid may take into account the Contract MDQ requested under the best bid relative to the Contract MDQ the existing Shipper seeks to retain. To match the best bid, the existing Shipper must match the net present value of the best bid; provided however, if the best bid is for more than five (5) years, the existing

Shipper need only match the net present value associated with the first five (5) years covered by the bid. Any rate bid by the existing Shipper that is below the maximum recourse rate must be acceptable to FEP.

(e) (1) If the existing Shipper matches the best bid, it shall be entitled to continuation of service and shall be obligated to sign an Agreement tendered by FEP which reflects the best bid or any counteroffer by the existing Shipper which matches such best bid.

(2) If the existing Shipper fails to match the best bid, the existing Agreement shall terminate at the end of its term and service to the existing Shipper shall be automatically abandoned.

(3) Submission of a bid shall be binding on the bidder. The bidder submitting the best bid shall be obligated to sign an Agreement reflecting its bid, as set forth in the bid form, if the existing Shipper fails to match or matches only a portion of the capacity where the Shipper has agreed to accept a prorated capacity award. Nothing herein shall preclude negotiation of a more acceptable Agreement by mutual consent of FEP and such bidder; provided, however, that service may not be agreed upon under terms and conditions less favorable to FEP than the best bid without providing the existing Shipper an additional opportunity to match such revised terms and conditions.

(f) FEP shall notify the existing Shipper if no qualified bid is received within one (1) week after the end of the ten (10) day period the Capacity Announcement is posted. In the absence of a qualified bid, the rate (within applicable maximums and minimums) and the term for continued service shall be negotiated between FEP and the existing Shipper. No discount or other special terms shall apply to a rollover Agreement unless FEP and the existing Shipper mutually agree. If no agreement is reached prior to the end of the three (3) week period following FEP's notice to the existing Shipper, the existing Shipper may, at that time, require that FEP enter into an Agreement to provide service at the applicable maximum rate for a term specified by Shipper and running from the date the existing Agreement expires. Unless the existing Shipper so elects at the end of the three (3) week period following FEP's notice to it, FEP may negotiate with any Shipper, subject to the Initial Open Season requirement, with the existing Shipper having no further rights under this Section 16 and service under the existing Agreement shall be terminated and automatically abandoned at the expiration thereof.

(g) If the existing Shipper is eligible to receive continued service under this Section 16.2, FEP shall tender a rollover Agreement which conforms to the requirements of this Tariff prior to the expiration of the existing Agreement. The existing Shipper and FEP shall execute such rollover Agreement, or any modified Agreement upon which FEP and Shipper may mutually agree which is not inconsistent with this Tariff, within two (2) weeks. If it fails to execute the rollover Agreement on a timely basis, the existing Shipper shall (in addition to all other remedies available to FEP for such Shipper's failure to fulfill its obligation to execute such Agreement) forfeit any right to continuation of service after the expiration of the existing Agreement.

16.3 CONTRACTUAL ROLLOVERS

The term of service under any FTS, ITS, PALS or HAT Agreement may be extended pursuant to a rollover or evergreen provision in such Agreement, which provision may supersede any otherwise applicable rollover or Right of First Refusal pursuant to this Section. In addition, the parties may subsequently negotiate rollover or evergreen provisions which differ from this Section. FEP is not obligated to offer or agree to any such rollover or evergreen provisions; provided, however, that to the extent it offers or agrees to any such provision, it must do so on a non-discriminatory basis for similarly situated Shippers. Without limitation of the foregoing, a contractual rollover provision may include a unilateral right on the part of Shipper to extend the term of the Agreement by notice to FEP by a time specified and rights of first refusal in addition to those specified in this Section 16.

~~16.4 VALID REQUEST CRITERIA~~

Unless waived by FEP, the requirements for a valid request under the applicable Rate Schedule (including the applicable credit analysis) apply to any rollover Agreement.

16.4 CONTRACT EXTENSION

Prior to the expiration of the term of an Agreement(s), FEP and Shipper may mutually agree to renegotiate the terms of such Agreement(s) in exchange for Shipper's agreement to extend the use of at least part of its existing service under a restructured Agreement(s), without having to utilize the Right of First Refusal process set forth in this Section 16. Such restructured Agreement(s) shall be negotiated on a case by case basis in a not unduly discriminatory manner. If an Agreement has a regulatory Right of First Refusal, the agreement to extend must be reached prior to FEP's posting the capacity for bidding. To the extent that FEP and Shipper have mutually agreed to such an Agreement(s), the requirements of Section 2.1(b) of these General Terms and Conditions shall not apply.

29. COMPLIANCE WITH 18 C.F.R., SECTION 284.12

29.1 FEP has adopted the Business Practices and Electronic Communications Standards, NAESB WGQ Version 3.1, which are required by the Commission in 18 CFR, Section 284.12(a), as indicated below. Standards without accompanying identification or notations are incorporated by reference. Standards that are not incorporated by reference are identified along with the tariff record in which they are located. Standards for which waivers or extensions of time have been granted are also identified.

Pursuant to NAESB's Copyright Procedure Regarding Member and Purchaser Self-Executing Waiver, as adopted by the NAESB Board of Directors on April 4, 2013, FEP may publish in its tariff, compliance filings, in communications with customers or stakeholders in conducting day to day business or in communications with regulatory agencies some or all of the language contained in NAESB standards protected by copyright, provided that FEP includes appropriate citations in the submission.

FEP has elected to reproduce only the following Business Practices and Electronic Communications Standards, NAESB WGQ Version 3.1, that are protected by NAESB's copyright. With respect to each reproduced standard, FEP incorporates the following: © 1996 – 2017 NAESB, all rights reserved.

(1) Standards not Incorporated by Reference and their Location in Tariff:

NAESB Standard	General Terms and Conditions Tariff Record	Tariff Record Provision
0.3.3	12. Evaluation of Credit	12.2(a)(2)(i)
0.3.4	12. Evaluation of Credit	12.2(a)(2)(ii)
0.3.5	12. Evaluation of Credit	12.2(a)(2)(iii)
0.3.6	12. Evaluation of Credit	12.2(a)(2)(iv)
0.3.7	12. Evaluation of Credit	12.1(a)(5)
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(h) STANDARDS FOR WHICH WAIVER OR EXTENSION OF TIME TO COMPLY HAVE BEEN GRANTED

NAESB Standard
NoneWaiver or Extension of Time
None

29.2 (a) FEP shall utilize the standardized datasets provided by the standards incorporated by reference in 18 C.F.R. Section 284.12. FEP's implementation guide for the standardized data sets specifies FEP's intended use, if any, of the data elements that are coded as "business conditional" (BC) and "mutually agreeable" (MA) for purposes of EDI. The implementation guide may be obtained by contacting the Website-Help Line (1-281-714-2255) and asking for the EDI coordinator. If requested by a Shipper, FEP will, within sixty (60) days begin exchanging such data sets with the requesting Shipper.

(b) FEP shall utilize the North America Energy Gas Industry Standards Board Trading Partner Agreement (Version 1.9, Standard 6.3.3).

29.3 FEP's Informational Postings Website required by Standard 4.3.23 is accessible via the Internet at the following address: <http://fepttransfer.energytransfer.com>

30. NEGOTIATED RATES

30.1 PRECONDITIONS TO NEGOTIATED RATES

Rates to be charged by FEP for service to any Shipper under applicable Rate Schedules may deviate in either form or level or both from the applicable maximum rate level in this Tariff, subject to the following provisions:

(a) FEP and Shipper have executed a valid Agreement containing therein or in a related agreement a specific mutual understanding that Negotiated Rate(s) ~~or a Negotiated Rate Formula~~ will apply to service for that Shipper;

(b) At the time of execution of the Agreement (or the amendment to an Agreement), which first provides for the applicability to Shipper of the Negotiated Rate(s) ~~or Negotiated Rate Formula~~, service was available pursuant to the terms and conditions (not modified by this Section 30) of Rate Schedules FTS, ITS, PALS or HAT of this Tariff, as applicable; and

(c) No later than the Business Day on which FEP commences service at such Negotiated Rate(s) ~~or Negotiated Rate Formula~~ (or if the Day on which FEP commences service is not a Business Day, then no later than the next Business Day after FEP commences service), FEP will file a tariff section advising the Commission of such Negotiated Rate ~~or Negotiated Rate Formula~~, stating the name of Shipper, the type of service, the Receipt and Delivery Point(s) applicable to the service, the quantity of the Gas to be transported, any other charges, and specifying ~~either: (i) the specific Negotiated Rate included in such Agreement; or (ii) the Negotiated Rate Formula included in such Agreement~~ with sufficient specificity such that the rate in effect from time to time can be readily calculated. The tariff section must also either incorporate a statement that the Agreement does not deviate from the form of service agreement in any material respect or the Agreement must be reflected in a separate tariff section identifying non-conforming Agreements of FEP. As an alternative to filing the tariff section, FEP may file the contract setting out the Negotiated Rate ~~or Negotiated Rate Formula~~.

30.2 AWARD OF FIRM CAPACITY

To the extent the revenue level pursuant to the Negotiated Rate(s) ~~or Negotiated Rate Formula~~ provided for in Section 30.1 above should equal or exceed the revenue level at the Recourse Rate, the Shipper paying such Negotiated Rate(s) or rate(s) under a Negotiated Rate Formula shall be treated, for capacity award purposes, as if the rate(s) paid had been equal to the Recourse Rate. Any Shipper, existing or new, paying the Recourse Rate(s) has the same right to capacity for capacity award purposes as a Shipper willing to pay an equal or higher Negotiated Rate(s) or rate(s) under a Negotiated Rate Formula. If the Negotiated Rate or the rate under a Negotiated Rate Formula are always higher than the corresponding Recourse Rate, the Recourse Rate rather than the Negotiated Rate will be used as the price cap for the Right of First Refusal pursuant to Section 16.2 of these General Terms and Conditions. Where the Negotiated Rate(s) or rate(s) under a Negotiated Rate Formula results in revenue which is greater than the Recourse Rate during certain portions of the relevant evaluation period but less than the revenue at the Recourse

Rate during other portions of the relevant evaluation period (but the revenue pursuant to the Negotiated Rate(s) or rate(s) under a Negotiated Rate Formula equals or exceeds that which would be generated at the Recourse Rate for the entire evaluation period), the value of bids and requests at the Negotiated Rate(s) or rate(s) under a Negotiated Rate Formula for capacity award purposes shall be evaluated as though the Recourse Rate applied under such bid or request for the entire evaluation period. Where the Negotiated Rate(s) or rate(s) under the Negotiated Rate Formula result in revenue which is less than revenue at the Recourse Rate over the relevant evaluation period, the value of the bids or requests at the Negotiated Rate(s) or rate(s) under the Negotiated Rate Formula for capacity award purposes shall be evaluated based on such lower revenue and shall be afforded a correspondingly lower priority in a capacity award procedure than bids or requests at the Recourse Rate.

30.3 ACCOUNTING FOR COSTS AND REVENUES

Recording of cost and revenues from service at Negotiated Rate(s) or under a Negotiated Rate Formula will follow FEP's normal practices associated with all of its services under this Tariff. FEP will maintain separate records of Negotiated Rate and Negotiated Rate Formula transactions for each billing period. These records shall include the quantities transported, the billing determinants (Contract MDQ), the rates FEP charged and the revenue received associated with such transactions. FEP will separately identify such transactions in Statements G, I and J (or their equivalent) filed in any general rate proceeding. Should FEP institute a tariff provision to flow through on a current basis to its Shippers the impact of certain transportation transactions, the treatment of revenues from Negotiated Rate(s) or Negotiated Rate Formula(s) shall be specified in such provision.

30.4 CAPACITY RELEASE REVENUE

FEP and Shipper may agree hereunder to a Negotiated Rate or Negotiated Rate Formula which includes payment obligations or crediting mechanisms in the event of a capacity release which vary from those set out in Section 14 of these General Terms and Conditions. Nothing in the foregoing sentence, however, shall authorize FEP or Shipper to violate the Commission's policy with respect to the negotiation of terms and conditions of service.

30.5 FUEL GAS, BOOSTER COMPRESSION FUEL AND LOST AND UNACCOUNTED FOR GAS

Under this Section, FEP and Shipper may agree upon reimbursement or surcharge components, including percentage charges for Fuel Gas, Booster Compression Fuel and/or Lost and Unaccounted For Gas, different from those otherwise determined under this Tariff. Without limitation of the foregoing, FEP may enter into agreements on Fuel Gas, Booster Compression Fuel and/or Lost and Unaccounted For Gas reimbursement percentages with Shippers different from those determined under the Tariff. FEP will credit the full maximum rate reimbursement or surcharge amounts to its accounts for any such transactions where such reimbursement or surcharge amounts would apply if the transaction were not entered into under this authority, without prejudice to FEP's recovery from the Shipper with which it has such an agreement of additional future amounts to offset any underrecovery experienced by FEP to the extent such future recoveries are

permitted by contract. As permitted under Section 5.8 of FEP's FTS and ITS Rate Schedules, no Fuel Gas component need be charged for physical backhauls.

34. DISCOUNTING

(a) In the event that FEP agrees to discount its rate to Shipper below FEP's maximum rate under Rate Schedules FTS, ITS, PALS or HAT as applicable, the discount terms shall be reflected in the applicable Agreements or associated discount agreements and will apply without the discount constituting a material deviation from FEP's form of service agreement; provided, however, that any such discounted rates shall be between the minimum and maximum rates applicable to the service provided under the applicable rate schedule. Without limitation of the foregoing, such discounted rates may be based on:

(1) The published index prices for specific Points or other agreed-upon published pricing reference points for price determination the use of which is not inconsistent with Commission policy (such discounted rate may be based upon the differential between published index prices or arrived at by formula). Such discounted rate:

- (i) shall not change the underlying rate design;
- (ii) shall not include any minimum bill or minimum take provision that has the effect of guaranteeing revenue;
- (iii) shall define the rate component to be discounted; and
- (iv) shall be limited by the applicable maximum and minimum rates.

(2) any of the factors set out in subsection (b).

(b) Except as otherwise provided in any written agreement(s) between the parties in effect during the term hereof, Shipper shall pay FEP the applicable maximum rate(s) and all other lawful charges as specified in FEP's applicable rate schedule. Shipper and FEP may agree that Shipper shall pay a rate other than the applicable maximum rate so long as such rate is between the applicable maximum and minimum rates specified for such service in the Tariff. FEP and Shipper may agree that a specific discounted rate will apply only to certain quantities or any other contractual quantities under the agreement. The parties may agree that a specified discounted rate will apply only to specified quantities (Contract MDQ) or commodity quantities under the agreement; that a specified discounted rate will apply only if specified quantities are achieved or only if the quantities do not exceed a specified level; that a specified discounted rate will apply only during specified periods of the Year or for a specifically defined period; that a specified discounted rate will apply only to specified points, mainline segments, supply areas, transportation paths, markets or other defined geographical area(s); that a specified discounted rate(s) will apply in a specified relationship to the quantities actually transported; (i.e., that the reservation rate will be adjusted in a specified relationship to quantities actually transported); that a discounted rate may be based on a formula, including a formula utilizing pricing indices consistent with Section 34 of the General Terms and Conditions of FEP's FERC Gas Tariff; that a specific discount rate shall apply only to service under one rate schedule to make up for a decrease (or increase) in the maximum rate

for a separate service provided under another rate schedule; and/or that a specific discount rate shall apply only to reserves dedicated by Shippers to FEP's System. Notwithstanding the foregoing, no discount agreement may provide that an agreed discount as to a certain quantity level will be invalidated if the Shipper transports an incremental volume above that agreed level. In addition, the discount agreement may include a provision that if one rate component which was at or below the applicable maximum rate at the time the discount agreement was executed subsequently exceeds the applicable maximum rate due to a change in FEP's maximum rates so that such rate component must be adjusted downward to equal the new applicable maximum rate, then other rate components of the same Agreement or a different Agreement for the same or a different service may be adjusted upward to achieve the agreed overall rate, so long as none of the resulting rate components exceed the maximum rate applicable to that rate component. Such changes to rate components shall be applied prospectively, commencing with the date a Commission order accepts revised tariff sections. However, nothing contained herein shall be construed to alter a refund obligation under applicable law for any period during which rates which had been charged under a discount agreement exceeded rates which ultimately are found to be just and reasonable.

(c) Surcharges. FEP may agree to discount any surcharges applicable to any Service Agreement to the maximum extent permitted by Commission policy.

(d) If the parties agree upon a rate other than the applicable maximum rate, such written Agreement shall specify that the parties mutually agree either: (1) that the agreed rate is a discount rate; or (2) that the agreed rate is a Negotiated Rate ~~(or Negotiated Rate Formula)~~. In the event that the parties agree upon a Negotiated Rate ~~or Negotiated Rate Formula~~, this Agreement shall be subject to Section 30 of the General Terms and Conditions of FEP's Tariff.

36. PERIODIC RATE ADJUSTMENTS FOR FUEL GAS, LOST AND UNACCOUNTED FOR GAS AND BOOSTER COMPRESSION FUEL

36.1 PURPOSE AND APPLICABILITY

(a) This Section 36 establishes a semi-annual periodic rate adjustment provision for the recovery by FEP of Fuel Gas, Lost and Unaccounted For Gas, and any Booster Compression Fuel. FEP shall have the right to adjust the Fuel Gas Percentage, the Lost and Unaccounted For Gas Percentage, and any Booster Compression Fuel Percentages, as provided in this Section 36. ~~Separate Reimbursement Percentages are determined for Interim Period Service, as set forth in Section 36.6, hereof.~~

(b) This Section 36 specifies the procedures to be utilized in adjusting such Reimbursement Percentages to reflect changes in Fuel Gas, Lost and Unaccounted For Gas, and Booster Compression Fuel. These adjustments result in the Fuel Gas and Lost and Unaccounted For Gas Reimbursement Percentages as reflected in the Currently Effective Rates for the applicable Rate Schedule. A separate incremental Booster Compression Fuel Reimbursement Percentage (associated with Booster Compression) is set forth for point(s) where Booster Compression applies. All amounts for the reimbursement of Fuel Gas, Lost and Unaccounted For Gas, and Booster Compression Fuel shall be recovered by FEP in-kind by applying the applicable Reimbursement Percentage(s) to the quantities of Gas transported on the FEP System under Rate Schedules FTS, ITS and HAT. If fuel retention percentages differ from those determined hereunder are established for any Shipper, pursuant to Section 30 of these General Terms and Conditions (relating to Negotiated Rates ~~or a Negotiated Rate Formula~~), that contractual percentage shall be used in determining delivery quantities for that Shipper (Equivalent Volumes, etc), but shall be without prejudice to FEP recovering additional future amounts from such a Shipper consistent with Section 30.5 of these General Terms and Conditions.

(c) Fuel Gas charges shall not be assessed for quantities received by FEP upstream of the interconnect with Natural Gas Pipeline Company of America LLC (NGPL Interconnect) located in White County, Arkansas, and delivered at or upstream of the NGPL Interconnect, provided that such deliveries are made without the use of compression. Provided however, Lost and Unaccounted For Gas and any applicable Booster Compression Fuel charges shall apply to such quantities. If mainline compression is installed at or upstream of the NGPL Interconnect, the Fuel Gas Charge exemption provided in this section shall not be applicable.

(d) FEP shall file the first semi-annual Periodic Rate Adjustment nine (9) months after the Initial Effective Date.

36.2 DEFINITIONS

(a) "Fuel Gas", "Lost and Unaccounted For Gas", and "Booster Compression Fuel" shall have the meanings set out in Section 1 of these General Terms and Conditions.

(b) "Collection Period" shall mean, for purposes of the Periodic Rate Adjustment, the six (6) Month period ended three (3) Months prior to the commencement of a new Recovery Period.

(c) "Recovery Period" shall mean, for purposes of the Periodic Rate Adjustment, the period during which the revised percentages are to be in effect, which shall be a six (6) Month period commencing with the effective date of the next redetermination as specified in Section 36.3.

(d) "Receipt Quantity" shall mean the quantity of Gas received by FEP at the various Receipt Points on its System, net of quantities received as reimbursement for Fuel Gas, Lost and Unaccounted For Gas, and applicable Booster Compression Fuel, as adjusted for any negotiated rate agreements pursuant to Section 30.5 of these General Terms and Conditions. For purposes of incremental Booster Compression Fuel Reimbursement Percentage(s), the Receipt Quantity shall mean all quantities received at the point(s) where Booster Compression applies. ~~Separate Receipt Quantities shall be calculated for Interim Period Service.~~

~~————(e)———— "Initial Effective Date" shall mean the first Day of the Month, commencing immediately after the termination of the Interim Period, in which service is first provided on the System.~~

————36.3 PERIODIC RATE ADJUSTMENT

~~(a) —————(a) The initial level of the Fuel Gas Reimbursement Percentage and the Lost and Unaccounted For Gas Reimbursement Percentage shall be established in FEP's certificate proceeding authorizing FEP's System, to be effective on the Initial Effective Date. These percentages shall be re-determined effective on each subsequent six (6) Month anniversary of the Initial Effective Date. Separate Reimbursement rates are determined for Interim Period Service. FEP shall file the first semi-annual effective date of each Periodic Rate Adjustment nine (9) months after the Initial Effective Date shall be June 1 and December 1.~~

(b) FEP shall file its adjustment to each of the Reimbursement Percentages at least thirty (30) days prior to the effective date of the redetermination. The revised Reimbursement Percentage(s) in any periodic adjustment filing(s) shall be the sum of the Current Component, determined under Section 36.4, and the Deferred Component, determined under Section 36.5. Any periodic adjustment filing(s) submitted in accordance with this section shall become effective, and subject to refund, on the proposed effective date which is consistent with Sections 36.3(a) and 36.3(c). Any changes in Reimbursement Percentage(s) shall be subject to review in the periodic adjustment filing proceeding(s).

(c) FEP may, at any time, file to make an out of cycle adjustment to the Fuel Gas Reimbursement Percentage, Lost and Unaccounted For Gas Percentage, and/or to establish an incremental Booster Compressor Fuel Reimbursement Percentage at points where Booster Compression applies. Such adjustment shall be filed at least thirty (30) days prior to the effective date and shall only be effective at the beginning of a month.

36.4 CURRENT COMPONENT

(a) A Current Component shall be calculated for: (i) Fuel Gas Reimbursement Percentage; (ii) Lost and Unaccounted For Gas Reimbursement Percentage; and (iii) Booster Compression Fuel Reimbursement Percentage. Each element of the Current Component shall be divided by the relevant Receipt Quantity to calculate the Current Component of the respective Reimbursement Percentage(s). One value for the Fuel Gas and the Lost and Unaccounted For Gas Reimbursement Percentages shall be calculated, which applies once to all quantities transported on the System, excluding exempted volumes pursuant to Section 36.1(c). The Booster Compression Fuel Reimbursement Percentage is an incremental rate applicable to Shippers with Gas being compressed using Booster Compression.

(b) Fuel Gas, Lost and Unaccounted For Gas, and Booster Compression Fuel to be included in this calculation consist of the Fuel Gas, Lost and Unaccounted For Gas, and Booster Compression Fuel actually experienced during the Collection Period, utilizing best available measurement information, and adjusted for changes reasonably anticipated to occur during the Recovery Period; provided, however, that for the initial redetermination, the calculation shall reflect the months of actual experience for which data is available.

(c) The Receipt Quantities used in these calculations shall be the Receipt Quantities to which such fuel charges were actually assessed as adjusted for Negotiated Rate Agreements, pursuant to Section 30.5 of these General Terms and Conditions, during the Collection Period, utilizing best available measurement information, and adjusted for changes reasonably anticipated to occur during the Recovery Period.

36.5 DEFERRED COMPONENT

(a) A Deferred Component shall be calculated for: (i) the Fuel Gas Reimbursement Percentage; (ii) the Lost and Unaccounted For Gas Reimbursement Percentage; and (iii) Booster Compression Fuel Reimbursement Percentage. A deferred subaccount shall be established and maintained for each of these items. The Deferred Component shall be the balance of the deferred subaccount as of the end of the Collection Period divided by the Receipt Quantity. The Receipt Quantities used in these calculations shall be the quantities to which such fuel charges were actually assessed during the Collection Period based on best available information, adjusted for changes reasonably anticipated to occur during the Recovery Period. The Deferred Component may be positive or negative.

(b) The accumulated deferred subaccount balances for each Reimbursement Percentage is to be adjusted semi-annually to reflect the following, as applicable:

(1) The amount associated with FEP's actual under- or over-recovery at the end of each six (6) Month period of Fuel Gas, Lost and Unaccounted For Gas, and Booster Compression Fuel if applicable.

(2) Adjustments to any prior Month's recoveries.

(3) Carrying charges on the deferred subaccounts.

(4) Other charges related to Fuel Gas, Lost and Unaccounted For Gas, and Booster Compression Fuel operations.

(c) The amount to be included as an adjustment in the deferral subaccounts for any Month shall be calculated as follows, with separate calculations for each Deferred Component identified in Section 36.5(a) hereof:

(1) FEP shall determine the actual Fuel Gas, the actual Lost and Unaccounted For Gas, and actual Booster Compression Fuel Gas, and quantities related to Section 20.2 of these General Terms and Conditions.

(2) FEP shall then determine the amount of Fuel Gas, the amount of Lost and Unaccounted For Gas, and the amount of Booster Compression Fuel Gas recovered for that Month, as follows: the amount of Fuel Gas, Lost and Unaccounted For Gas, and Booster Compression Fuel Gas recovered shall be determined by multiplying the Fuel Gas Reimbursement Percentage, the Lost and Unaccounted For Gas Reimbursement Percentage, and the Booster Compression Fuel Reimbursement Percentage in effect during the Month by the applicable Receipt Quantity for the Month.

(3) The adjustment to the deferral subaccounts for the Month shall be based on the difference between item (1) and item (2) of this sub-section (c) hereof. This amount shall be recorded in the deferral subaccount as follows:

(i) FEP shall debit the relevant deferral account in the event that the actual amounts for the current Month exceed the amounts that FEP recovered hereunder for that Month.

(ii) FEP shall credit the relevant deferral account in the event that the actual amounts for the current Month are less than the total amount FEP recovered hereunder for that Month.

(4) A valuation of the adjustments to the deferral subaccounts shall be based on the AMIP for the relevant period.

(5) FEP will add carrying charges applicable for the Month to each deferral subaccount. The carrying charge shall be the product of the following:

(i) The carrying charge base shall be the prior Month's balance in the reimbursement subaccount;

(ii) FEP shall compute a monthly carrying charge rate utilizing

the effective annual FERC-approved interest rate prescribed in Section 154.501 of the FERC's Regulations. Such rate shall be expressed to the nearest one ten thousandth of 1%.

~~36.6 INTERIM PERIOD SERVICE~~

~~During the period when FEP will provide interim period service to its Shippers under Rate Schedules FTS and ITS, defined as Interim Period Service, FEP will charge Fuel Gas, Lost and Unaccounted For Gas, and Booster Compression Fuel (if applicable) Reimbursement Percentage(s), as set forth in its certificate proceeding authorizing the FEP System. These Reimbursement Percentages will only be applicable to Shippers making use of FEP's available System capacity through the Interim Period Service. At the end of the Interim Period Service, the balance of any over or under recoveries of any of these fuel components will be carried forward and included in the first Periodic Rate Adjustment filed by FEP, in accordance with Section 36.3 hereof.~~

RATE SCHEDULES FTS, ITS AND HAT
FORM OF SERVICE AGREEMENT

[FOR RATE SCHEDULES FTS, ITS AND HAT]

Contract No.

FAYETTEVILLE EXPRESS PIPELINE LLC (FEP)
TRANSPORTATION RATE SCHEDULE
AGREEMENT DATED
UNDER SUBPART OF PART 284
OF THE FERC'S REGULATIONS

1. SHIPPER is:, a

2. MDQ: Dth per Day.

3. TERM: through
[Specify contractual rollover-rights or seasonal or other variable term rights, if any]

4. Service will be ON BEHALF OF:

..... Shipper or

..... Other:, a

5. This Agreement supersedes and cancels a Agreement dated
..... Capacity Rights for this Permanent Release Agreement were released from
..... [for firm service only]. Service and reservation charges commence the later of:

(a), and

(b) the date capacity to provide the service hereunder is available on FEP's System.

..... Other:

6. SHIPPER'S ADDRESS

FEP'S ADDRESS

.....
.....
.....

.....
.....
.....

7. Any or all of the following provisions may be included (where applicable) in the FTS, ITS or HAT Agreement and/or in any related Negotiated Rate, ~~Negotiated Rate Formula~~ or discount contracts, if any:

a. (DISCOUNTED RATE AGREEMENTS ONLY) Applicable Maximum and Minimum Tariff Rates. Notwithstanding any other provision of this Agreement, in no event shall a discounted rate billed by FEP be less than the applicable minimum rate or more than the applicable maximum rate set forth in FEP's FERC Gas Tariff, as may be revised from time to time.

b. (NEGOTIATED RATE AGREEMENTS ONLY) Applicable Maximum and Minimum Tariff Rates. Unless otherwise expressly provided in this Agreement, the Negotiated Rates ~~or rates under a Negotiated Rate Formula~~ shall apply to service provided by FEP to Shipper for the term of the Agreement notwithstanding any otherwise applicable maximum or minimum rates set forth in FEP's FERC Gas Tariff as may be revised from time to time.

c. (DISCOUNTED RATE AGREEMENTS ONLY) Refunds. In no event shall FEP be required to refund to Shipper any amounts collected for service to which the discounted rate(s) apply, unless the relevant discounted rate billed to Shipper exceeds the corresponding applicable effective maximum rates set forth in FEP's FERC Gas Tariff, as approved by the FERC from time to time.

d. (NEGOTIATED RATE AGREEMENTS ONLY) Refunds. In no event shall FEP be required to refund to Shipper any amounts collected for service to which the Negotiated Rates ~~or rates under a Negotiated Rate Formula~~ apply, notwithstanding any otherwise applicable maximum or minimum rate set forth in FEP's FERC Gas Tariff, as may be revised from time to time.

e. (NEGOTIATED RATE AGREEMENTS ONLY) Shipper and FEP understand and agree that this Agreement shall be subject to any and all applicable conditions precedent under FEP's FERC Gas Tariff and the regulations and policies of the FERC, including without limitation any requirements for FEP to file for and receive FERC approval of the Negotiated Rates.

f. Notifications. Except as otherwise may be expressly provided herein, any notice or communication contemplated or required by this Agreement shall be in writing unless oral notification is expressly authorized herein, and shall be sent to the appropriate party at the relevant address set forth in the Transportation Agreement, as may be revised from time to time.

g. Nonwaiver of Rights. No delay or failure to exercise any right or remedy accruing to either FEP or Shipper upon breach or default by the other will impair any right or remedy or be construed to be a waiver of any such breach or default, nor will a waiver of any single breach be deemed a waiver of any other breach or default.

h. Succession and Assignment. In the event any entity succeeds by purchase, merger or consolidation of title to the properties, substantially as an entirety, of Shipper, such entity shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under the Agreement. No other assignment of the Agreement nor of any of the individual rights or obligations hereunder by Shipper shall be effective as to FEP without the prior express written consent of FEP, provided, however, that the Agreement may be assigned by Shipper to a wholly or partially owned affiliate, special purpose joint venture, partnership, or other affiliated entity, including a parent company or partnership, without prior written consent of FEP. The Agreement may be assigned by FEP to a wholly or partially owned affiliate, special purpose joint venture, partnership.

i. No Third Party Beneficiaries. This Agreement shall not create any rights in any third parties, and no provision of this Agreement shall be construed as creating any obligations for the benefit of, or rights in favor of, any person or entity other than FEP or Shipper.

j. Conformance to Law. It is understood that performance hereunder shall be subject to all valid laws, orders, rules and regulations of duly constituted governmental authorities having jurisdiction or control of the matters related hereto, including without limitation the Federal Energy Regulatory Commission.

k. Effect of Tariff. This Agreement shall at all times be subject to all applicable provisions of FEP's FERC Gas Tariff.

l. GOVERNING LAW. THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF, EXCLUDING ANY CONFLICT OF LAW RULE WHICH WOULD REFER ANY MATTER TO THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF

m. Entire Agreement. This Agreement contains the entire agreement between FEP and Shipper with respect to the subject matter hereof, and supersedes any and all prior understandings and agreements, whether oral or written, concerning the subject matter hereof, and any and all such prior understandings and agreements are hereby deemed to be void and of no effect. No amendments to or modifications of this Agreement shall be effective unless agreed upon in a written instrument executed by FEP and Shipper which expressly refers to this Agreement.

8. The above-stated Rate Schedule, as revised from time to time, controls this Agreement and is incorporated herein. The attached Exhibits A and B (for firm service only), and C (if applicable), are a part of this Agreement. THIS AGREEMENT SHALL BE CONSTRUED AND GOVERNED BY THE LAWS OF, AND NO STATE LAW SHALL APPLY TO REACH A DIFFERENT RESULT. This Agreement states the entire agreement between the parties and no waiver, representation or agreement shall affect this Agreement unless it is in writing. Shipper shall provide the actual end user purchaser name(s) to FEP if FEP must provide them to the FERC.

Agreed to by:

FEP

SHIPPER

/s/:
NAME:
TITLE:

/s/:
NAME:
TITLE:

RATE SCHEDULE PALS
FORM OF SERVICE AGREEMENT

[FOR RATE SCHEDULE PALS]

Contract No.

FAYETTEVILLE EXPRESS PIPELINE LLC (FEP)
RATE SCHEDULE PALS
AGREEMENT DATED
UNDER SUBPART OF PART 284
OF THE FERC'S REGULATIONS

1. SHIPPER is:, a
2. Maximum Aggregate Quantity (Dth) (On any Day, the total of all MAQ ROs can never exceed this quantity.)
3. Maximum Daily Quantity (Dth) (on any Day, the total MDQ of all ROs can never exceed this quantity).
4. TERM: through [Specify contractual rollover-rights or seasonal or other variable term rights, if any] and month to month thereafter until terminated by prior written notice by either party. Termination shall not discharge any obligation accrued hereunder.
5. Service will be ON BEHALF OF:
..... Shipper or
..... Other:, a
6. This Agreement supersedes and cancels a Agreement dated
..... [for firm service only] Service and reservation charges commence the later of:
(a), and
(b) the date capacity to provide the service hereunder is available on FEP's System.
..... Other:
7. SHIPPER'S ADDRESS FEP'S ADDRESS
.....
.....
.....
8. PALS Request Order. The form of the PALS Request Order attached hereto or such other mutually agreeable form, when executed by the parties shall evidence their agreement as to the terms of the particular transaction for the Park and Loan Service pursuant to this Agreement, including the quantity, rate, Receipt and Delivery Points for parking and lending and the term. The PALS Request Order may specify a range for the quantity and term of a Park and Loan. A single PALS Request Order may cover both a park and loan within limits specified.
9. PARK AND LOAN QUANTITY:
(i) Park Service: shall consist of FEP's receipt of a quantity of Gas at the designated Receipt Point(s) and/or Pooling Point(s) on the designated date, requested by Shipper under a PALS Request Order and approved by FEP, FEP's holding of such parked quantity of Gas for Shipper's account and FEP's redelivery of the parked quantity of Gas to Shipper at the designated Delivery Point(s) and/or Pooling Point(s) and on the designated date(s) set forth in such PALS Request Order.
(ii) Loan Service: shall consist of FEP lending a specified quantity of Gas, requested by Shipper and approved by FEP, from designated Delivery Point(s) and/or Pooling Point(s) set forth in Shipper's PALS Request Order and the Shipper's redelivery of and FEP's acceptance of such quantities for Shipper's account at the designated Receipt Point(s) and/or Pooling Point(s) on the designated date(s) set forth in such PALS Request Order.
10. For Parking service, subject to the terms and provisions of this Agreement (including the Request Order attached hereto) and of Rate Schedule PALS and the General Terms and Conditions of FEP's FERC Gas Tariff, as amended from time to time, Shipper agrees to deliver or cause Gas to be delivered to FEP and FEP agrees (a) to receive a quantity of Gas ("Parked Quantity"), up to the daily and total quantity of Gas specified in the Request Order, not to exceed the MDQ and MAQ specified in this Agreement, on behalf of Shipper at the agreed upon Point(s) and at the agreed upon times on FEP's System; and (b) to hold the Parked Quantity on FEP's System and (c) to deliver, upon nomination by Shipper, the Parked Quantity to Shipper at the agreed upon point(s) and at the agreed upon time. Shipper shall make any necessary arrangements with FEP at the agreed upon point(s); provided, however, that such arrangements shall be compatible with the operating conditions of FEP's pipeline System, and the scheduling and curtailment priorities in the General Terms and Conditions of FEP's FERC Gas Tariff.
11. For Loan service subject to the terms and provision of this Agreement (Including the form of Request Order attached hereto) and of FEP's Rate Schedule PALS and the General Terms and Conditions of FEP's FERC Gas Tariff, as amended from time to time, FEP agrees to deliver or cause

Gas to be delivered to Shipper and Shipper agrees: (a) to receive a quantity of Gas specified in the Request Order ("Borrowed Quantity"), not to exceed the Maximum Daily Quantity, and the Maximum Total Quantity as specified in this Agreement, at the available and agreed upon point(s) and at the agreed upon time on FEP's System; and (b) to return the Borrowed Quantity to FEP at the agreed point(s) and at the agreed upon time. Shipper shall make any necessary arrangements with FEP or third parties to receive Gas from or deliver Gas to FEP at the agreed upon point(s); provided, however, that such arrangements shall be compatible with the operating conditions of FEP's pipeline System and the scheduling and curtailment priorities in the General Terms and Conditions of FEP's FERC Gas Tariff and shall provide for coordinated scheduling with FEP.

12. Service rendered hereunder shall be subject to scheduling and curtailment or interruption in accordance with Rate Schedule PALS and the General Terms and Conditions of FEP's FERC Gas Tariff. In the event FEP is unable to provide the quantities of Rate Schedule PALS service requested by all Shippers under Rate Schedule PALS, then FEP shall allocate the available service among such Shippers in accordance with Rate Schedule PALS.

13. FEP shall render Park and Loan services to Shipper at the Point(s) agreed to by FEP and Shipper.

14. Any or all of the following provisions may be included (where applicable) in the PALS Agreement and/or in any related Negotiated Rate, ~~Negotiated Rate Formula~~ or discount contracts, if any:

a. (DISCOUNTED RATE AGREEMENTS ONLY) Applicable Maximum and Minimum Tariff Rates. Notwithstanding any other provision of this Agreement, in no event shall a discounted rate billed by FEP be less than the applicable minimum rate or more than the applicable maximum rate set forth in FEP's FERC Gas Tariff, as may be revised from time to time.

b. (NEGOTIATED RATE AGREEMENTS ONLY) Applicable Maximum and Minimum Tariff Rates. Unless otherwise expressly provided in this Agreement, the Negotiated Rates ~~or rates under a Negotiated Rate Formula~~ shall apply to service provided by FEP to Shipper for the term of the Agreement notwithstanding any otherwise applicable maximum or minimum rates set forth in FEP's FERC Gas Tariff as may be revised from time to time.

c. Notifications. Except as otherwise may be expressly provided herein, any notice or communication contemplated or required by this Agreement shall be in writing unless oral notification is expressly authorized herein, and shall be sent to the appropriate party at the relevant address set forth in the Transportation Agreement, as may be revised from time to time.

d. (DISCOUNTED RATE AGREEMENTS ONLY) Refunds. In no event shall FEP be required to refund to Shipper any amounts collected for service to which the discounted rate(s) apply, unless the relevant discounted rate billed to Shipper exceeds the corresponding applicable effective maximum rates set forth in FEP's FERC Gas Tariff, as approved by the FERC from time to time.

e. (NEGOTIATED RATE AGREEMENTS ONLY) Refunds. In no event shall FEP be required to refund to Shipper any amounts collected for service to which the Negotiated Rates ~~or rates under a Negotiated Rate Formula~~ apply, notwithstanding any otherwise applicable maximum or minimum rate set forth in FEP's FERC Gas Tariff, as may be revised from time to time.

f. (NEGOTIATED RATE AGREEMENTS ONLY) Shipper and FEP understand and agree that this Agreement shall be subject to any and all applicable conditions precedent under FEP's FERC Gas Tariff and the regulations and policies of the FERC, including without limitation any requirements for FEP to file for and receive FERC approval of the Negotiated Rates.

g. Nonwaiver of Rights. No delay or failure to exercise any right or remedy accruing to either FEP or Shipper upon breach or default by the other will impair any right or remedy or be construed to be a waiver of any such breach or default, nor will a waiver of any single breach be deemed a waiver of any other breach or default.

h. Succession and Assignment. In the event any entity succeeds by purchase, merger or consolidation of title to the properties, substantially as an entirety, of Shipper, such entity shall be entitled to the rights and shall be subject to the obligations of its predecessor in title under the Agreement. No other assignment of the Agreement nor of any of the individual rights or obligations hereunder by Shipper shall be effective as to FEP without the prior express written consent of FEP, provided, however, that the Agreement may be assigned by Shipper to a wholly or partially owned affiliate, special purpose joint venture, partnership, or other affiliated entity, including a parent company or partnership, without prior written consent of FEP. The Agreement may be assigned by FEP to a wholly or partially owned affiliate, special purpose joint venture, partnership, or other affiliated entity, including a parent company or partnership.

i. No Third Party Beneficiaries. This Agreement shall not create any rights in any third parties, and no provision of this Agreement shall be construed as creating any obligations for the benefit of, or rights in favor of, any person or entity other than FEP or Shipper.

j. Conformance to Law. It is understood that performance hereunder shall be subject to all valid laws, orders, rules and regulations of duly constituted governmental authorities having jurisdiction or control of the matters related hereto, including without limitation the Federal Energy Regulatory Commission.

k. Effect of Tariff. This Agreement shall at all times be subject to all applicable provisions of FEP's FERC Gas Tariff.

l. GOVERNING LAW. THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT OF THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF, EXCLUDING ANY CONFLICT OF LAW RULE WHICH WOULD REFER ANY MATTER TO THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF

m. Entire Agreement. This Agreement contains the entire agreement between FEP and Shipper with respect to the subject matter hereof, and supersedes any and all prior understandings and agreements, whether oral or written, concerning the subject matter hereof, and any

and all such prior understandings and agreements are hereby deemed to be void and of no effect. No amendments to or modifications of this Agreement shall be effective unless agreed upon in a written instrument executed by FEP and Shipper which expressly refers to this Agreement.

16. Rate Schedule PALS, as revised from time to time, controls this Agreement and is incorporated herein. The attached is part of this Agreement. THIS AGREEMENT SHALL BE CONSTRUED AND GOVERNED BY THE LAWS OF, AND NO STATE LAW SHALL APPLY TO REACH A DIFFERENT RESULT. This Agreement states the entire agreement between the parties and no waiver, representation or agreement shall affect this Agreement unless it is in writing. Shipper shall provide the actual end user purchaser name(s) to FEP if FEP must provide them to the FERC.

Agreed to by:

FEP

SHIPPER

/s/:
 NAME:
 TITLE:

/s/:
 NAME:
 TITLE: